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Modern Illustrative Banking

WILLIAMS AND ROGERS SERIES

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WILLIAMS & ROGERS SERIES

MODERN ILLUSTRATIVE BANKING

BY

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CHARLESTOWN HIGH SCHOOL, BOSTON, MASS.

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BANKING.

W. P. 19

PREFATORY NOTE

THIS text-book on banking is designed to reproduce as nearly as possible the practical workings of a national bank. A detailed account of the organization and practical management of banks is given, but the books are opened from statements showing the condition of a bank that is in operation. For the purpose of illustrating the actual routine of a national bank many attractive incoming documents and an envelope of blank business forms have been prepared to accompany the text. The incoming documents are made the basis of a series of transactions which the student is required to record in the various bank books, and the blank business forms are used in preparing the bank's outgoing documents.

The series of transactions is arranged to cover, in abbreviated form, two days' business of the First National Bank, Rochester, N.Y. During the first day all of the business forms of the bank are handled by the student; but during the second day the business forms are dispensed with and only the entries for the various transactions are recorded, historical data for them being furnished in the text.

The work is so classified as to show the ordinary duties devolving upon the various bank officers and clerks. At the close of the second day's practice dividends are declared, statements made, and the books closed. Care has been taken to furnish sufficient material to make these statements and the necessary closing entries illustrative of this feature of bank accounting.

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MODERN ILLUSTRATIVE BANKING

PART I. BANKS AND BANKING

THE BUSINESS OF BANKING

A **Bank** is primarily a place for the safe keeping of money.

A **Commercial Bank** is an institution organized for the purpose of receiving deposits of money, making loans, discounting paper, making collections, and effecting the transmission of money from one place to another.

A **Banker** is a dealer in money.

Sources of Receipts. The available funds of a bank consist of (1) capital paid in by the shareholders; (2) notes it can circulate, if it be a national bank; (3) money deposited with it by its customers; (4) money collected for customers and banks (which is frequently held a short time before being paid); (5) money received in the course of transmission (sale of exchange), which of course must be repaid in another place; (6) and bills rediscounted.

Sources of Disbursements. A bank's disbursements consist of (1) checks, drafts, etc., cashed by the paying teller; (2) bills discounted; (3) time and demand loans made; (4) money paid out for current expenses; (5) shipments of money to other banks in settlements of balances; (6) and interest paid on time deposits.

Sources of Profits. The profits of a bank arise mainly from discount, interest, dividends on stocks and bonds held, and collection and exchange.

Services rendered Depositors. The principal services which a bank renders to its depositors are: (1) it affords a safe and convenient place in which to keep money; (2) it pays checks as directed by the depositors; (3) it collects checks, notes, drafts, etc.; (4) it discounts notes for and makes loans to the depositors; (5) it provides means for the transmission of money.

Kinds of Banks. Banks are divided into the following classes: *national*, *state*, and *private*. Banks that issue notes which circulate as money (as national banks) are often termed *banks of issue*, while those which do a discount business, but do not issue bank notes, are known as *banks of discount*.

NATIONAL BANKS

A **National Bank** is a bank organized under an act passed by Congress, entitled "The National Bank Act." In addition to doing a general banking business, it has authority to issue circulating notes against bonds deposited with the United States Treasurer. The government does not own nor conduct the bank, but only authorizes

its creation and prescribes its mode of doing business. Every banking association doing business under this act is governed by the same principles, is subject to the same inspection, uses the same forms in making reports to the Comptroller of the Currency at Washington, and is liable to the same penalties for the violation of any requirement of the national banking laws.

Comptroller of the Currency. National banks are under the direct supervision of the Comptroller of the Currency, Washington, D.C. This officer is appointed by the President, on the recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate. He holds his office for a term of five years, and receives a salary of $5000 per year. He is required to give bond for $100,000. He must not be interested in any national bank, and must make a report to Congress once a year. He appoints all bank examiners and receivers for insolvent national banks.

National Bank Examiners. These officials are appointed by the Comptroller of the Currency to examine the affairs of national banks. They are paid a certain amount for each bank examined. Under the law there is no limit to the number of examiners who may be appointed or the number of times a bank may be examined, both being left to the judgment and discretion of the Comptroller of the Currency. All national banks are examined at least once a year.

Powers of National Banks. National banks have power (1) to adopt and use a corporate seal; (2) to have succession for a period of twenty years; (3) to make contracts; (4) to sue and be sued; (5) to elect directors, and by their boards of directors to elect officers; (6) to make all needful by-laws not inconsistent with the national bank act; (7) to discount and negotiate notes, drafts, bills of exchange, etc.; (8) to receive deposits, buy and sell exchange, coin, and bullion; (9) to loan money on personal security; (10) and to issue and circulate their own notes.

An act of July 12, 1882, provides that a national bank may, any time within two years previous to the date of the termination of its existence, extend its period of succession for not more than twenty years, by the approval of the Comptroller of the Currency.

The words "personal security" are used in contradistinction to real estate security, and do not mean that national banks are limited to loaning money on the security afforded by indorsers or personal sureties. On the contrary, national banks have a perfect right to loan money on stocks and bonds, bills of lading, warehouse receipts, choses in action, or other personal chattels. In the absence of collateral, banks usually endeavor to get at least two names to all paper which they discount or upon which they make loans, but such is not obligatory under the statute.

Stockholder's Liability. Each stockholder of every national banking association is held individually responsible for all debts and engagements of said banking association to the extent of the par value of his stock in addition to the amount invested in such stock. In other words, if a stockholder owns $2000 in capital stock of a national bank, and such bank should fail, he may be called upon by the Comptroller of the Currency to pay into the bank $2000 in cash in addition to the loss of his stock, if this be necessary for the adjustment of the bank's liabilities.

Real Estate. National banks are prohibited from holding real estate other than the buildings in which they do business, and land mortgaged to secure a loan which

was made in good faith upon personal security, but such land cannot be held for a longer period than five years. Banks cannot make loans on their own stock except to prevent losses on loans previously made.

Reserve. National banks are required to keep on hand at all times a lawful money reserve. This reserve must equal 25% of the deposits, if the bank is located in a large city, and 15% of the deposits, if it is located in a small city.

Overcertifying Checks. National banks are prohibited, under severe penalty, from certifying a check in excess of a depositor's account.

Dividends and Surplus. The directors of a national bank may semiannually declare a dividend of so much of the profits of the bank as they deem expedient; but before declaring a dividend one tenth of the net profits for the preceding half year must be carried to surplus fund until the fund amounts to 20% of the capital stock.

No national bank may, during the time it continues banking operations, withdraw, either in the form of dividends or otherwise, any part of its capital stock. If losses have been sustained equal to or exceeding the undivided profits on hand, no dividend can be declared; and no dividend can be declared to an amount in excess of the net profits.

Reports. National banks must make at least five reports to the Comptroller of the Currency during the year at such times as he may call for them.

ORGANIZATION OF A NATIONAL BANK

Number of Persons Necessary. An association for carrying on the business of national banking may be organized by any number of persons not less than five.

Capital Required. The national bank act provides that national banks in cities of 50,000 persons or under must have a capital of not less than $100,000. If the population of the city exceeds 50,000 persons, no national bank can be organized with a capital of less than $200,000. In towns of 6000 inhabitants and under, national banks may be organized with a capital of $50,000, and in towns of 3000 inhabitants and under with a capital of $25,000, if approved by the Secretary of the Treasury.

Selecting a Name. Only those banks that are organized under the national bank act can make use of the word "national" in their name or title. To use the name "First National Bank," "Second National Bank," etc., a bank must be the first, second, etc., national bank organized in any given place.

Securing Subscriptions to the Capital Stock. This is usually done by a committee appointed for this purpose. It is generally considered wise to distribute the stock, so far as can conveniently be done, among the varied interests of the city and the surrounding country.

The subscriptions are taken upon a blank, which contains a statement of the purpose of the organization; following this statement are spaces for the date of the subscription, name of the subscriber, address, and the number of shares subscribed for.

Notice to the Comptroller of the Currency. When the promoters have selected a name for the bank, the Comptroller of the Currency should be notified and his approval of the title obtained. The notice should be signed by at least five subscribers to the stock.

Natural Persons. The corporators must be natural persons; that is, human beings. Corporations and joint stock companies cannot become organizers of national banks. Partnerships are also excluded under the terms of the statute. If a firm desires to take stock, it must do so through one of the partners until after the corporation is formed, when the stock may be transferred to the firm.

Articles of Association. Persons desiring to organize a national bank should enter into articles of association, which specify in general terms the object for which the association is formed. These articles may contain any provisions not inconsistent with the law. They must be signed by five or more of the persons desiring to form the association. One copy of them must be forwarded to the Comptroller of the Currency to be kept on file in his office, and another copy is retained by the bank.

Special forms and blanks for the organization of national banks are furnished by the Comptroller of the Currency, and as it is advisable to use official forms, it has been deemed unnecessary to show the special forms in this work.

Organization Certificate. The national bank act provides that persons desiring to organize a national bank shall make an organization certificate which shall specifically state (1) the name of the association (which shall be subject to the approval of the Comptroller of the Currency); (2) the location, that is, the place where the operations of the bank are to be carried on; (3) the amount of the capital stock and the number of shares into which it is divided; (4) the names and residences of the shareholders, and the number of shares held by each of them; (5) a statement of the fact that the certificate is made to enable such persons to avail themselves of the advantages of the national bank act.

Only the persons who signed the articles of association may sign the organization certificate. Each person signing the certificate is required to acknowledge his signature thereto before a notary public or a judge of some court of record. As soon as acknowledged, the certificate should be filed with the Comptroller of the Currency.

Electing Directors. After filing the articles of association and the organization certificate, the next step is to elect the directors, which is done at a meeting of the stockholders held for this purpose.

Number and Qualifications of Directors. The national bank act requires that every national bank shall have at least five directors, and that each director must own at least ten shares of the stock. The directors must all be citizens of the United States, and at least three fourths of them must have resided in the state or district in which the association is organized for one year immediately preceding their election. The office of bank director is a very responsible one, and no man should accept it if his outside duties are such that he will be unable to give the necessary attention to the

requirements of the position. Every director must take an oath that he is qu fill the office, and that he will faithfully perform the duties thereof.

The president of the bank must send the oaths of the directors to the Co of the Currency.

Electing Officers. The directors should elect a president, vice president, an The cashier usually appoints the tellers and employs the clerks and other assi

Payment of Capital Stock. At least 50% of the capital stock of every bank must be paid in before the bank will be authorized to commence busine remainder of the stock must be paid in installments of at least 10% each, as fr as one installment at the end of each succeeding month from the time the authorized by the Comptroller of the Currency to commence business. The of each installment must be certified to by the president or the cashier at th the month, and the certification forwarded to the Comptroller of the Currency. the president or the cashier may be directed to attend to the collecting of the i ment of 50%. It is customary to collect the amount and deposit it in some ba the association is ready to begin business.

Certificate of Payment of Stock. When 50% of the capital stock has b paid, a certificate must be made to the Comptroller of the Currency stating the paid in as permanent capital, the name and place of residence of each director amount of stock which he owns in good faith, and that the bank has complied the conditions prescribed by the national bank act. This statement must b and sworn to by a majority of the directors and by the president or the cashier

Deposit of United States Bonds. Every national bank, before it can be ized to commence business, must deliver to the Treasurer of the United States States registered interest-bearing bonds, to an amount not less than one fourt capital, if the capital is $150,000 or less. If the capital is in excess of $ $50,000 in bonds must be delivered. Before the bonds are delivered they a assigned to the Treasurer of the United States. In making the assignment gr should be taken to give the correct name of the bank. If the word "The" is a the corporate name, it should never be omitted.

Coupon bonds may be used, as the Treasurer of the United States is autho receive them and issue registered bonds for like amounts.

Circulation. A national bank is entitled to receive from the Comptroller Currency circulating notes in blank equal in amount to the par value of the deposited with the Treasurer of the United States, unless the bonds should be bel in which case it may receive circulating notes for only the market value of the

An order for circulating notes should be sent to the Comptroller of the Cu The bank pays for the engraving of the plates for the notes, but they are pri the Treasury Department and forwarded to the bank. They must be signed president, or vice president, and the cashier of the bank.

Tax on Circulation. A national bank is required to pay to the Treasure United States a semiannual tax of $\frac{1}{4}$% of the average circulation secured by 2 bonds and a semiannual tax of $\frac{1}{2}$% of the average circulation secured by all other

Certificate of Authority to commence Business. When all the conditions of the national bank act have been complied with, the Comptroller of the Currency issues a certificate authorizing the association to begin business. The bank must publish the certificate for at least sixty days (a weekly insertion is sufficient) in a newspaper published in the city or the county in which the bank is located.

STATE BANKS

How Organized. State banks are organized under the laws of the state in which they are located. The preliminary steps are much the same as those in the organization of national banks. The subscription list is taken, articles of association and a name are adopted, and a board of directors and officers elected. A copy of the articles of association is filed with the superintendent of banking of the state, when there is such an officer, or with the Comptroller of the Currency, and another copy is filed in the office of the clerk of the county in which the bank is to be located.

Circulating Notes. Previous to July 1, 1866, state banks issued notes which circulated as money, but on that date the government imposed a tax of 10% on the circulation of all state banks, which had the effect of withdrawing the circulation, as the rate was too high to allow any profit to the banks.

Difference between State and National Banks. National banks are organized under the national bank act, and are under the supervision of the general government at Washington. State banks are organized under the laws of the various states, and are subject to the restrictions imposed by the statutes of the said states. National banks issue circulating notes; state banks do not.

Advantages of State Banks. It is claimed that state banks possess some advantages over national banks, among which are the following: (1) they are not examined so critically; (2) in some cases they are not required to make returns to state officials, and in no case such full returns as are required by the national bank act; (3) they can certify checks in excess of the amount which a depositor may have in the bank; (4) they are not required to hold United States bonds.

PRIVATE BANKS AND BANKERS

Private Banks. A private bank is organized and operated by an individual or a firm. In opening such a bank no formality is required, unless restricted by statute. There is no responsibility to the government, state or national. The safety of such banks consists in the financial responsibility of the individual or individuals who conduct them. The business of private banks is much the same as that of state banks. They receive deposits on which they usually allow a small rate of interest; they buy and sell exchange, commercial paper, etc.

Private Bankers. Private bankers are of two kinds: (1) those who conduct a business the same as private banks, (2) and those who deal in foreign exchange. The latter buy commercial bills drawn against grain and other produce shipped to foreign countries, sell drafts on foreign banks, and issue letters of credit to travelers.

In New York state all private banks are examined by the state bank examiner, and, with a few exceptions, restrictions are imposed similar to those imposed upon state banks.

Bankers and Brokers. Bankers and brokers usually buy and sell stocks and bonds for their customers, and in addition to this carry on a general banking business, receiving deposits, paying sight drafts, checks, etc. They often permit their customers to overdraw their accounts, as they have for safe keeping the customers' stocks and bonds, and such securities are ample protection for overdrafts to a certain amount.

SAVINGS BANKS

Purpose. A savings bank, as its name implies, is an institution organized for the purpose of encouraging economy and caring for the savings of the people. The deposits are not subject to check, as in other banks, and the depositor may be required to give thirty days' notice when he wishes to withdraw his funds.

How Organized. Savings banks are organized under the statutes of the different states by a number of persons, usually more than ten, who make application in due form for the privilege of organizing such a bank. These associations are mutual. They have no capital like a state, national, or private bank, their available funds consisting of the money put into the bank by the depositors. Every one who puts in money is practically an owner, and the profits are divided among the depositors in proportion to the amount that each has to his credit.

Investments. As safety is considered paramount to profit, the law prescribes the character of the investments of the savings institutions. The investments which are usually permitted are loans on pledges of the stocks and bonds, investments in stocks and bonds, and mortgage loans. The stocks and bonds in which savings banks may invest are generally prescribed by the law. In some states they are allowed to invest only in United States government bonds and bonds of their state.

Interest. Interest is usually allowed depositors semiannually on the first day of July and the first day of January of each year. The current rate is at present wavering between 3% and 4%. If the interest is not withdrawn it draws interest the same as a deposit.

Difference between Savings Banks and State and National Banks. Savings banks not only provide a place for the safe keeping of money, but undertake to invest judiciously the money received on deposit. State and national banks provide a place for the safe keeping of money and securities, afford a depositor a convenient means of making payment by check, make collections for him, discount his paper, etc., but do not undertake to invest his deposits for him. Savings banks open their doors to savers, to those who wish to lay by a small amount of money from time to time. State and national banks open their doors mainly to business men.

LOAN AND TRUST COMPANIES

How Organized. Loan and trust companies are organized by a number of persons, usually ten or more, under the laws of the various states.

Kinds of Business Transacted. These companies receive deposits and make loans, but as a rule they do not undertake the collection of commercial paper. They act as agents for corporations in transferring stocks and bonds, make investments, collect interest, act as trustees, receivers, executors, administrators, etc. Many com-

panies have boxes in fire and burglar proof safes which they rent to customers who desire a safe place for the keeping of valuable papers, etc.; others make a business of examining and insuring titles to real estate. This latter practice has grown quite extensively within recent years.

BANK OFFICERS AND CLERKS

The officers and clerks of a bank are generally president, vice president, cashier, receiving teller, paying teller, note teller, general bookkeeper, individual bookkeeper, discount clerk, mail clerk, collection clerk, messenger, and porter, together with the necessary assistants in the various departments.

President. The president is the chief executive officer of the bank. He presides at the meetings of the board of directors, and generally exercises the authority of the board during its recess. Some banks have a vice president, who assumes the functions of the president during the latter's absence. The circulating notes and certificates of stock are signed by the president, or the vice president, and the cashier. It is also customary for the president to sign the minutes of all business meetings. The receipts for circulating notes received from the Comptroller of the Currency are signed by the president or the cashier. In some banks the president attends to making the larger portion of the loans, and devotes his full time to the bank's interests. In such cases he is paid a regular salary; but when he devotes only a small portion of his time to the bank's interests, the position is frequently considered honorary, and no salary is paid.

Cashier. Unless there is a vice president, the cashier ranks next to the president, and is in reality the manager of the bank. He has authority to pay out the bank's funds, and to borrow money in the name of the bank. He may also indorse the bank's paper for the purpose of securing loans. He is appointed by the board of directors, and is required to furnish bonds for the faithful performance of his duties. He keeps a record of the meetings of the board of directors, for whom he is the acting secretary. The certificates of stock issued to shareholders are signed by him as well as by the president, as are also the circulating notes. He signs all drafts drawn on other banks, and indorses personally, or by deputy, all drafts and notes sent away for collection. All notes and drafts received from other banks are indorsed to him. He has charge of the internal workings of the bank and supervision of the clerical force.

The Tellers. The *paying teller* usually pays out all moneys, issues certificates of deposit, certifies all checks that are to be certified, and has charge of that part of the vault containing the working cash of the bank.

The *receiving teller* usually receives all the money coming into the bank, makes the records therefor, and at night turns over to the paying teller all money received during the day.

The work of the *note teller* varies in different banks.

The varying duties of, and the necessary qualifications for, the tellers and clerks are fully and clearly explained in subsequent chapters.

The Bookkeepers. The bookkeepers in a bank are known as the *gener keeper* and the *individual bookkeeper*. The general bookkeeper has charg general ledger. The individual bookkeeper has charge of the individual or tors' ledger.

BANKING CUSTOMS

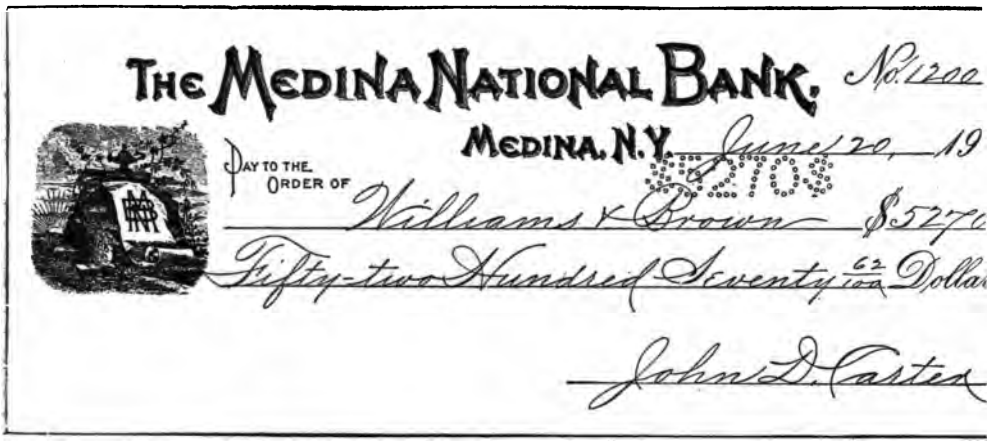
Collection and Exchange. It is customary for most banks to charge their tors a small fee, generally about $\frac{1}{10}\%$, for collecting checks on out-of-town The amount so charged may be deducted from the deposit or it may be paid The former is the customary way.

A small fee ranging from $\frac{1}{10}\%$ to $\frac{1}{8}\%$ is generally charged on discounte which is payable out of town. Sometimes an additional amount is charged interest for the length of time necessary for the transmission of the money; note payable in Chicago 30 days after date were discounted in New York c New York bank might charge interest for 33 days, the extra three days being for the transmission of the money. In addition to this there might be a fee for tion. This practice is controlled largely by the size of the customer's account general custom of banks in the different cities.

Banks have various agreements with one another for collecting paper. I instances the collecting bank agrees to remit once a week on a certain day with charge, the use of the money being considered equivalent to the services rend collecting. Others make no charge on cash items but charge from $\frac{1}{10}\%$ to $\frac{1}{4}\%$ time items. Some banks have no fixed rate, but make such arbitrary charges circumstances and conditions seem to warrant.

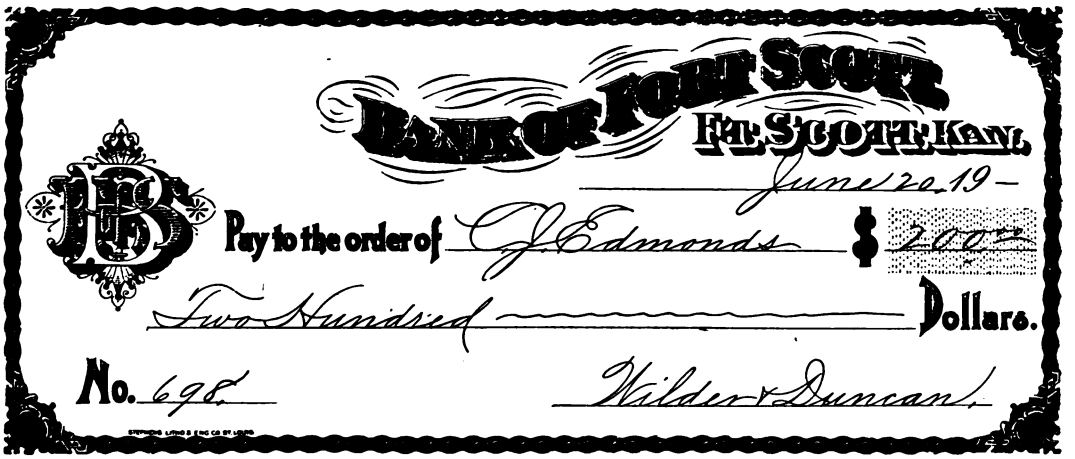
Devices for Preventing Check Raising. Many plans have been devised to p the raising of checks and bank drafts, but so far nothing that has been tried is e effective. There is no question, however, that the use of some of the many offered will materially decrease the losses arising from this source, and ma raising of a check or a draft very difficult. The method in most general use c in cutting the amount of the dollars in the check with a machine designed f purpose, thus:

FORM OF PUNCHED CHECK



Another common practice is the use of the perforating machine. After writing the check it is passed through the machine which perforates the amount as illustrated below:

FORM OF PERFORATED CHECK



A method of recent invention, which is very highly indorsed by bankers, consists in passing the check through a machine which prints in the fiber of the paper with indelible ink a certain amount, over which the check will not be honored. By this process, the words are embossed on the paper in such a manner that their alteration would be practically impossible without destroying and making over a material portion of the body of the instrument. The following represents a check treated as above described:

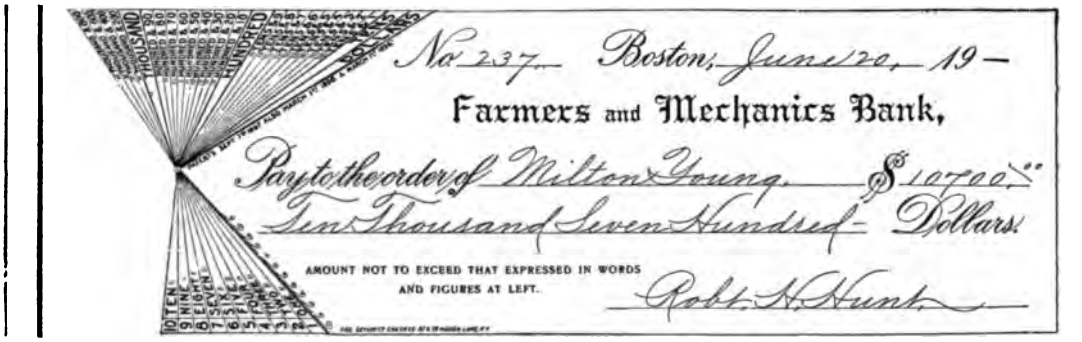
FORM OF EMBOSSED CHECK

When the amount is small, a very good method is to write the name on a line with it, as shown on the following page.

ANOTHER FORM OF SAFETY CHECK

The use of stubs, or coupons, on the end of the check, has met with much favor by express companies and others. The following form represents such a check:

FORM OF STUB CHECK


No. 237 Boston, June 20, 19—
Farmers and Mechanics Bank,
Pay to the order of Milton Young $ 107.00
Ten Thousand Seven Hundred Dollars
AMOUNT NOT TO EXCEED THAT EXPRESSED IN WORDS AND FIGURES AT LEFT.
Robt. H. Hunt

If, in addition to some of the foregoing methods, banks should adopt the use of water-marked paper, placing a limit on the draft, the check raiser would be confronted with practically insurmountable difficulties. At the time of manufacture the paper should be water-marked "Limit $500," or "Limit $100," as the case might be, and still further design should be worked all through the paper so as to render successful cutting and patching impossible.

From 85% to 95% of the drafts which the majority of banks sell are for amounts under $500. A bank might have its drafts marked in five sets: $100, $200, $300, $500, $1000. The chief protection from forgery of the notes of the Bank of England lies in the paper used, and we believe that an absolutely effectual method of preventing the raising of bank drafts must be sought for beneath the surface of the paper.

Stopping Payment of Checks. A check is simply a written order on the bank, by a depositor, for a certain sum of money, which may be revoked at any time before the bank has made payment or certification. An order to stop payment on a check should be in writing, and should relate all the particulars of the check. Some banks have a form for the use of depositors to be filled out whenever they wish to stop pay-

ment on a check. As soon as a notice stopping payment is received it is handed to the paying teller, who puts his initials on it and turns it over to the bookkeeper, who makes a record of the fact. When checks come in from the clearing house, the entire list is carefully examined to see that no stopped checks are among them. If for any reason a depositor who stops payment on a check wishes to draw a duplicate, the bank should be so notified, and the word "duplicate" should be written across the face of the check. The following is a very good form of notice to use when it is desired to stop payment on a check for which a duplicate has been issued:

FORM OF NOTICE TO STOP PAYMENT

Albion, N.Y., June 20, 19—

Citizens National Bank.

Gentlemen: —

Please take notice that I have this day issued duplicate of my check No. 625, dated June 14, 19—, payable to the order of Smith Mfg. Co., for $314.00.

You are instructed to refuse payment on the original of the above described check.

Very respectfully yours,

T. D. Homer

Duplicate checks should bear the same date as the notice which is sent to the bank. This prevents dishonest persons from writing the word "duplicate" across the face of a check on which payment has been stopped, and getting it cashed. The following is a form of a duplicate check:

FORM OF DUPLICATE CHECK

CITIZENS NATIONAL BANK No. 625

ALBION, N.Y. June 20, 19—

Pay to the order of Smith Mfg. Company $314.00

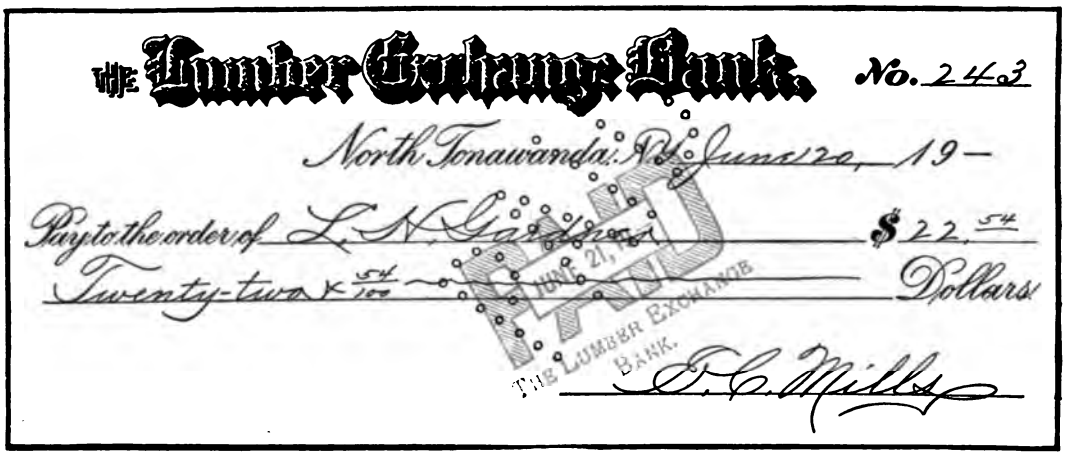
DUPLICATE

T. D. Homer

Canceling Checks. When a bank pays checks drawn upon itself, they should be canceled in some manner by the paying teller before they are passed to the bookkeeper. The cancellation may be accomplished by placing the checks on spindles, or by the use of punches which cut in the checks the initial of the person who cancels them, or by the use of a rubber stamp which marks the word "Paid" and the date of payment thereon.

When a bank has sufficient time, one of the safest plans is for the paying teller to mark the check with a rubber stamp before passing it to the bookkeeper. After it is entered by the individual bookkeeper he should also mark it by cutting the word "Paid" through the check with a machine provided for this purpose. The following represents a check so treated:

FORM OF CANCELED CHECK



Whatever method is employed, it should be one which will not materially disfigure the check, as it is frequently a voucher, and as such is valuable evidence in a lawsuit.

Forged and Raised Checks. If a bank pays a forged check, the loss invariably falls on the bank, as it is supposed to be familiar with the signatures of its depositors. If a raised check is cashed, the loss falls upon the person or the bank that innocently cashed it, provided ordinary prudence has been exercised by the drawer in filling it out.

It is generally held that if the drawer of a check leaves a blank which has been so skillfully filled up as to give no evidence of alteration, he may be found guilty of such negligence as will make him liable to a bona fide holder for the apparent amount of the indebtedness. (See Thomas on Law of Negligence, p. 105.)

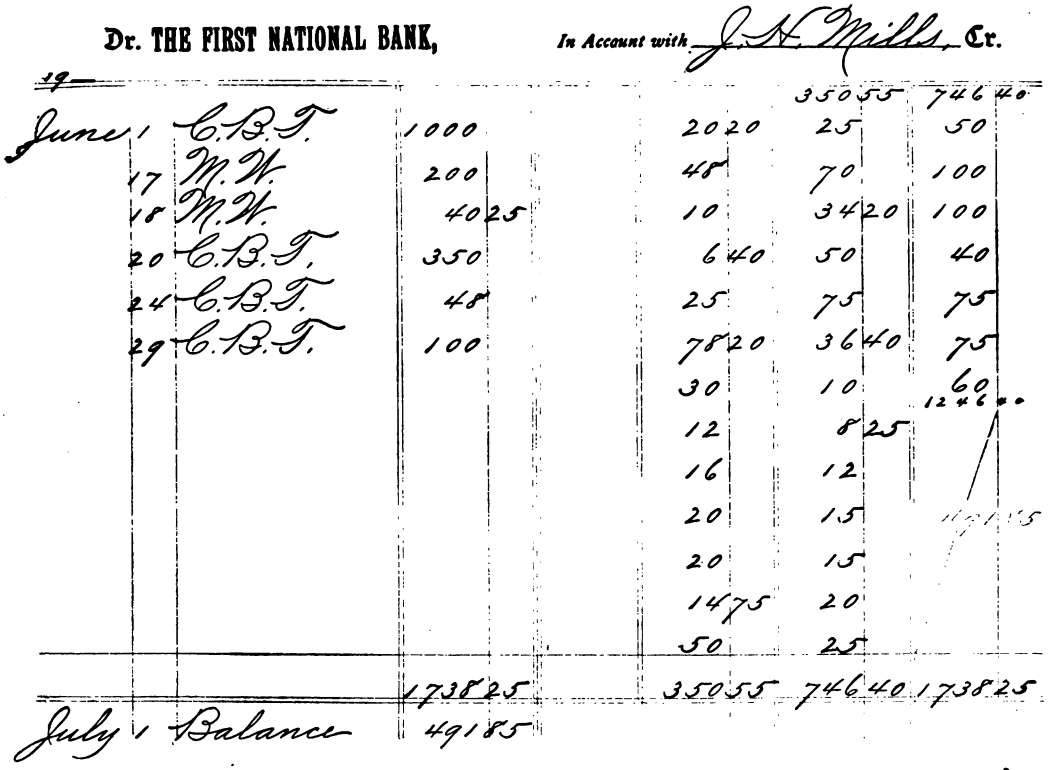
If a raised check were cashed by a bank under these circumstances, the loss would, in most states, fall on the drawer. There are some conflicting decisions, however. To relieve himself from any charge of negligence, the drawer of a check is simply required to commence writing at the extreme left-hand end of the blank, and fill up the space (if any) at the right of the written amount with a line made by his pen. The law does not require him to use any of the devices offered for preventing checks from being raised, although prudence would, in many cases, dictate such a course.

Method of Writing up the Bank Book. The custom in regard to writing up this book varies. At the present time a method frequently employed consists in entering the deposits on the left-hand pages and the checks on the right, without giving the dates of the checks.

Many banks enter the checks in detail, giving the date of each in the order in which it was drawn, while others enter only the total, the detailed list being given (without the dates) on a separate slip of paper, or on the envelope in which the checks are returned. The method of writing a detailed list of checks on separate sheets of paper has many advantages for the bank. These slips may be filled out by the use of the registering or adding machine, which saves much time, and insures accuracy. They may also be written up at such times as may be convenient for the bank clerk, so that when a depositor presents his book to be balanced, the checks are practically all written up, and the book may be returned on very short notice. The depositor, however, is liable to lose these detached slips, and from his standpoint such practice is objectionable. Many banks have avoided the undesirable feature of this method by having bank books made with alternate short leaves. Checks are itemized on the loose slips, and these slips are pasted on the short leaves of the bank book. This method is perhaps the best that has yet been devised, although it has not so far come into general use.

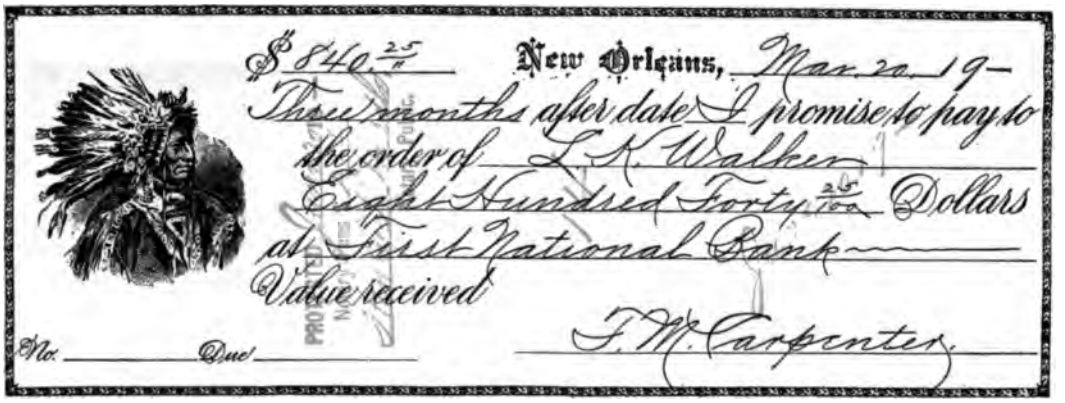
The following represents a bank book so written up:

FORM OF BANK PASS BOOK



Protesting. When a note or draft, formally presented for payment, is not paid at maturity, it should be protested. This is usually done by a notary public, who sends or delivers a formal notice to the indorsers, declaring that the note has been presented for payment, and that such has been refused. It is unnecessary to protest paper on which there are no indorsers, though many banks protest all paper that is not paid when due, unless there are specific instructions to the contrary. When paper is protested, this fact is noted on the face or back thereof, usually in red ink.

Form of Protested Note



Form of Protest

CERTIFICATE OF PROTEST.

UNITED STATES OF AMERICA, STATE OF LOUISIANA. } ss.

I, THE UNDERSIGNED, one of the Notaries Public in and for Orleans County, **Do Hereby Certify,** that on the date below written, I did present the obligation which is hereunto annexed, at the place where it is payable and demanded payment thereof, which was refused.

Whereupon, I, the said Notary, did **PROTEST,** and by these Presents do publicly and solemnly Protest, as well against the Maker and Indorsers of the same as against all others whom it may concern, for Exchange, and all Costs, Damages, and Interest, already incurred or to be hereafter incurred, for the want of payment.

And I do Further Certify, that on the same day and year below written, due notice of the foregoing Protest—by notice partly printed and partly written, signed by me—was given to the several indorsers thereon by depositing notices in the **Post Office at New Orleans, La.,** postage paid, directed as follows:

F. M. Wilson & Co. 124 Main St. New Orleans
L. K. Walker, Baton Rouge, La.

each of the above named places being the reputed place of residence of the person to whom the notice was directed, and the post office nearest thereto.

In Testimony Whereof, I have hereunto set my hand and affixed my seal of office.

This Done and Protested, in the City of New Orleans, La.

June 20, 19—

[SEAL.]

Henry L. Hurdle,
Notary Public.

If the indorser wishes to be assured of receiving notice of protest, he should place his full address below his name when indorsing paper. If he fails to do this, the bank should, if possible, obtain his address and write it on the paper at the time it is discounted. Banks are required to exercise reasonable care in ascertaining the addresses of indorsers; and if the address is given on the paper, the bank is bound to respect it in sending out notices of protest.

FORM OF NOTICE OF PROTEST TO BE SENT TO INDORSERS

TRADERS NATIONAL BANK

New Orleans, La., June 20, 19—

Take notice that a note made by

F. M. Carpenter

On _____

for $ 840.25

Dated March 20, 19— *payable*

three months *after date,*

at First National *Bank,*

and indorsed by you, was this day **PROTESTED** *for non-payment, and that the holders look to you for the payment thereof, payment having been demanded and refused.*

Yours respectfully,

HENRY L. HURDLE,
Notary Public.

To T. M. Wilson & Co.

NOTIFY YOUR PRIOR INDORSER.

Notice of Protest. Notice of protest must include the following:

(1) Such a description of the paper as will leave no doubt in the mind of the indorser as to which note has been protested.

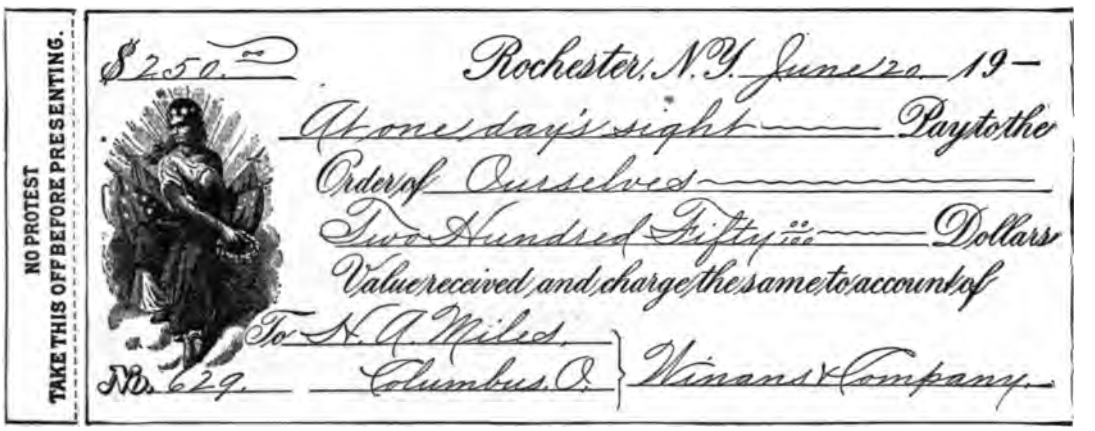
(2) A statement to the effect that the note was presented for payment, and that payment was refused.

(3) A statement to the effect that the holder looks to the indorser for payment and indemnity.

No Protest. When the drawer of a draft does not wish to have it protested if payment is refused by the drawee, he usually writes the words "No Protest" on a slip of paper, and pins this slip to the draft. Many drafts are printed with the words "No Protest" on the end of the draft, the draft being perforated so that these words may be detached easily.

When a bank receives such a draft for collection, the stub containing the words "No Protest" should be detached immediately before the draft is presented to the drawee for payment, as the drawee would not be so likely to honor a draft that he knew was drawn not subject to protest.

FORM OF DRAFT WITH "NO PROTEST" ATTACHED


NO PROTEST
TAKE THIS OFF BEFORE PRESENTING.
$250.00
Rochester, N.Y. June 20. 19—
At one day's sight Pay to the
Order of Ourselves
Two Hundred Fifty 00/100 Dollars
Value received and charge the same to account of
To N. A. Miles.
No. 629. Columbus, O.
Winans & Company.

When paper is protested, it is generally considered as notice to the public that the payer or drawee is either unable, or unwilling, to pay his debts, and for this reason many persons who would take no notice of an ordinary statement of account and request to remit will pay a draft which is drawn, or which they believe is drawn, subject to protest.

Notary Fees. Nearly all banks have their own notary, that is, some officer of the bank who has qualified as a notary public. In many banks this official receives all protest fees, which not infrequently amount to several thousand dollars a year. The notarial work is usually given to the cashier, or to some other faithful official of the bank, in appreciation of his long and efficient services, and the fees may be said to constitute one of the perquisites of his position. In some cases, especially in banks newly organized, the notary fees go to the bank, and form a part of the profits. This work contemplates the giving of the notary fees to one of the bank's officials. An account with "Notary Fees" should be opened in the individual ledger, and these fees should be credited to this account. At the end of each quarter, or more frequently if desired, the notary may draw the fees due him by check.

PART II. BANK ACCOUNTING (WITH VOUCHERS)

BOOKS USED

The books generally used in a bank are the general balance ledger, individual ledger, general cash book, discount register, collection register, discount tickler, collection

GENERAL

Monday

		COLL. AND EXCHANGE.	GENERAL.	TOTAL.
Balance	cash on hand			29875695
✓ Collection & Exchange	2.00 1.25 50¢ 25¢ 75¢	525		
✓ " " "	per D.B.	14		
✓ " " "	" D.P.	1194		
Interest & Discount	" D.R.		3578	
Bills Discounted	" D.T.		18625	
Deposits	" I.L.		8262425	
✓ Remittance Register	total for day		1802617	
Collection & Exchange	" " "			31191 1934239
				41809934

Tuesday

Balance	cash on hand			33460261

DISCOUNT

When Discounted. 19—	No.	MAKER.	INDORSER AND COLLATERAL.	WHERE PAYABLE.
June 20	316	Hurlburt Bros.		Sec. Natl. City
	317	W. L. Hurst	C. K. Smythe	Coml. Natl. Chi.
	318	W. B. Lyons	M. H. Suhl	Our Bank
	319	Reese & Owens		Bank of Com. Dallas
	320	Mason & Hamlin		Our Bank
	321	R. G. Simpson	10 Shs. N.Y.C. Ry. Stock	" "

tickler, remittance register, draft book, certified check book, certificate of deposit book, and cashier's check book.

In addition to the above, many banks use a discount ledger, customers' bill book, foreign register, offering book, paying teller's book, receiving teller's book, and statement book. The books and system of banking herein presented are intended for medium sized banks.

CASH BOOK

December 17, 19—

		GENERAL.	TOTAL.
Bills Discounted	per D.R.	987250	
Deposits	" L.L.	5162540	
Remittance Register	total for day	2199883	8349673

#1809934

December 18, 19—

REGISTER

When Due	Date of Note	Time	Days Discounted	Rate	Amount of Note	Interest and Discount	Collection and Exchange	Proceeds (Items)	Proceeds Credited	For Whom Discounted	Ck.
July 20	Apr. 20	3m	90	6	1000	5			995	C. D. Thomas & Co.	✓
Sept. 8	June 10	90d	80	6	2500	3333	313	246354			✓
1	May 1	4m.	73	6	500	608		49392			✓
Aug. 14	June 15	60d.	55	6	1000	917	125	98958	394704	G. W. Young	✓
July 18		1830d.	28	6	1200	560			119440	W. D. Cobb	✓
20		2030d.	30	4	800	267			79733	R. G. Simpson	✓
					7000	6185	438		693377		

DISCOUNT

July

NO.	PAYER.	WHERE PAYABLE.	TO WHOM SENT.
316	Hulburt Bros.	Park Natl. City	
321	R. G. Simpson	Our Bank	
346	D. W. Thomson	First Natl. N.Y.	City Natl. N.Y.
378	W. B. Culver	Our Bank	

July

324	J. H. McDowell	Our Bank	
339	Milton Smith & Bro.	Chase Natl. City	
362	Tyndall Mfg. Co.	Contl. Phila.	Contl.
381	Mason Bros. & Co.	First Natl. Cin.	Fourth Natl. Cin.
399	W. K. Holmes	Our Bank	

July

351	Wilson Reaper Co.	Natl. Exch. Chi.	Comb. Natl. Chi.
389	Howe & King	Our Bank	
397	J. A. Lowry	Powers City	

General Cash Book. On the left side of this book are entered all cash on hand at the commencement of the business, and afterward all deposits and receipts of cash of whatever kind or character, either in detail or in total. On the right side are entered all payments on Deposits account, and the amount paid for notes discounted, and for the running expenses of the bank. When balanced, the difference between the two sides should show the amount of cash in the vaults of the bank. This balance usually consists of national bank notes, treasury notes, silver certificates, checks on other banks, specie, and cash items such as sight drafts. The general cash book should be balanced daily, and the total receipts and total payments entered in the general balance ledger. The Collection and Exchange column is footed, and the amount written in the General column. The items in the General columns are posted to the proper accounts in the general balance ledger.

The Discount Register is a book of original entry and becomes the basis for all transactions involving bills discounted. It contains a complete record of all paper

TICKLER

20, 19—

BY WHOM DISCOUNTED.	AMOUNT TO BE COLLECTED.	CHECK.	REMARKS.
C. D. Thomas & Co.	1000		Protested, due Thos. Thomas & Co.
R. G. Simpson	800		Paid
W. B. Lyons	22400		Chgd. Cashier.
Ray Bros. & Co.	13126 20		Chgd. Cashier
	37326 20		

21, 19—

C. T. Wharton & Co.	10000		Chgd. W. E. Powell
L. M. Thomson	8425 60		Certified, C. H. C.
R. L. Smith & Co.	21000		Chgd. Cashr.
G. W. Young	3750		" Fourth Natl.
Mason & Hamlin	10400		Cash.
	53575 60		

22, 19—

Arthur Hines	20000		
John C. Mills	17400		
H. R. Day	8000		

discounted by the bank. This record is made at the time the paper is discounted.

If the note is not indorsed by any one other than the discounter, no entry need be made in the column entitled "Indorser and Collateral."

The several items in the column "Proceeds Credited" are posted to the individual ledger to the credit of the persons whose names appear in the column "For Whom Discounted." The footing of the column "Collection and Exchange" is entered on the debit side of the general cash book and posted to the credit of *Collection and Exchange* in the general balance ledger. The footing of the column "Interest and Discount" is entered on the debit side of the general cash book and posted to the credit of *Interest and Discount*. The footing of the column "Amount of Note" is entered on the credit side of the general cash book and posted to the debit of *Bills Discounted*. The sum of the footings of the columns "Interest and Discount," "Collection and Exchange," and "Proceeds Credited" should equal the footing of the column "Amount of Note."

When paper is discounted for persons who are not depositors, or persons who draw in cash the proceeds of the notes discounted, it is customary to issue either a sundry discount receipt or a cashier's check. The receipt or check is given by the discount clerk to the person selling the paper. The check, when given, is cashed by the paying teller and charged to the proper account in the individual ledger.

Discount Tickler. This book is designed to facilitate the collection of bills discounted, by recording under the various days of the year, the notes falling due on such days. All notes due June 20 would be entered under date of June 20; all notes due June 21 would be entered under date of June 21, and so on. By this means the discount clerk can ascertain immediately the notes to be collected for each day of the entire year. The notes should be entered first in the discount register, after which the entries should be transferred to the tickler. When so transferred, a check mark should be placed in the column provided therefor in the register.

At the close of each day the several items to be charged are posted to the debit of the proper accounts, as shown in the Remarks column, and the footing of the tickler is entered on the left side of the general cash book under *Bills Discounted.* As will be observed, the discount tickler does not afford such a complete history of the note as is given in the discount register. If at any time it is necessary to have more detailed information, reference can be made to the record in the register, which may be quickly found by the number of the note as given in the tickler.

Either red or black ink may be used in the Remarks column. The latter is more convenient, but many banks maintain that there is much less danger of omitting a note if the former is used. The student should use red ink unless differently directed by his teacher.

COLLECTION

WHEN LEFT.	NO.	PAYER.	INDORSER.	WHERE PAYABLE.
19—				
June 20	300	C. C. Grinter		Chase Natl. City
	301	A. A. Dawes	A. A. Ham	First Natl. Cin.
	302	G. W. Young	C. M. Howry	Our Bank
	303	Chas. W. Smith	Hines & Noble	Germania Ntl. City
	304	Mason & Hamlin		Our Bank
	305	M. C. Turner	Rollins Machine Co.	Powers. City

Sundays and Holidays. Paper falling due on Sunday or a legal holiday should be entered under the first business day following. Should a note fall due on Sunday, and the Monday following be a legal holiday, the note would be payable on Tuesday. This has reference to the student's work in this book. The statutes of the different states in regard to ascertaining the due date of commercial paper vary, and the student is referred to the statutes of his state for information on this point. Banks usually use calendars having all holidays printed in red ink.

In leap years the added day, or February 29, is not counted in some states. The statutes of New York provide that the added day in leap years must not be considered in counting time on notes, judgments, or anything of this nature. Some states have Supreme Court decisions to this effect, but

in the majority of states this question has never been raised. In the state of New York, a note dated February 20 (in any leap year) payable ten days after date, would fall due March 2, and not March 1, as would be the case if the added day for the leap year were counted.

Collection Register. This book should contain a record of all paper received for collection from customers and out-of-town banks. Nothing is written in the column entitled "Indorser," unless the paper is indorsed by some one other than the person or firm for whom it is collected. The column entitled "Amount to be Collected" should show the face of the note, plus the interest accumulated. Most of the paper left for collection will not have accumulated interest. The Check column is used when the entries on the collection register are transferred to the collection tickler. The Remarks column is seldom used. When paper is collected, a notation to this effect is made in the collection tickler.

Collection Tickler. After paper received for collection is entered in the collection register, it is transferred to the collection tickler under the date on which it falls due. Usually half a page is allowed for each business day of the year. The collection tickler should be examined every morning to ascertain the amount of paper to be collected for that day, and when such paper is collected or returned, a notation to this effect should be made with red ink in the column provided for this purpose. The several items in this book are posted to the proper accounts at the close of each day.

Method of Handling Sight Paper. Checks and drafts which are *deposited* in the bank by customers, and credited to them at the time of the deposit, are not entered in

REGISTER

Date of Draft or Note	Time	When Due	For Whom Collected	Amount to be Collected	Ck.	Marks
19—		19—				
May 11	4m.	Sept. 1	Mason & Hamlin	213 40	✓	
Apr. 25	3m.	July 25	John C. Mills	50 00	✓	
May 15	60d.		Bank of Com. Dallas	108 00	✓	
June 11	3m.	Sept. 11	City Natl. N.Y.	7926 50	✓	
	490d.		2 Chas. D. Lowry	150 00	✓	
	17	Sight	Sight Boatman's St. L.	35 00	✓	

the collection register, nor in the tickler, but are remitted and charged to the banks on which they are drawn.

Sight paper which is *received for collection* from depositors and others should be entered in the collection register and collection tickler, and, if payable out of town, it should be sent away for collection. The bank, or banks, to which it is sent are not charged with the paper until the collection is made and the remitting bank has been notified of such collection. Whether or not sight paper should be entered in the collection register depends entirely on whether it was received on deposit and credited to the depositor or received for collection.

Remittance Register. All items which affect our accounts with other banks

COLLECTION

Sept.

NO.	PAYER.	WHERE PAYABLE.	TO WHOM SENT
300	C. C. Grinter	Chase Natl. City	
303	Chas. W. Smith	Gumania Natl. City	
329	Walter Grow	Fourth Natl. Phila.	Contl. Phila.
351	Owens Mfg. Co.	Third Natl. Boston	Sec. Natl. Boston.
332	Wilbur Machine Co.	Our Bank	

Sept

330	Woodward & Tiernan. St. Louis		Boatmans St L
307	Milton Young	Sec. Natl. Omaha	Sec. Ntl. Omaha
356	M. A. Matthews	Brown Bros. City	
318	Mason & Hamlin		
346	R. G. Simpson	Our Bank	

are entered in this book. All cash items remitted to other banks for our credit should be entered in detail in the column entitled "Items," and their sum extended into the column entitled "Debits." All bills discounted and collections charged to other banks are entered in the Debits column. The totals of all remittances received from other banks and all notes which they charge to us, are entered in the Credits column. The several items in the columns entitled "Debits" and "Credits" are posted to the proper

REMITTANCE

DATE OF CHECK.		INDORSER.	MAKER.	WHERE PAYABLE.
19—				
Dec.	12	Martin Bros.	U. Trust Co. Auburn	Exch. Natl. N.Y.
	13	Lord & Taylor	Coml. Bnk. Troy.	Your Bank
	10	Chas. H. Palmer	3rd Natl. Buffalo	4th Natl. N.Y.
	11	Ballantine Bros. & Co.	J. J. Stewart & Co.	Your Bank
	12	C. W. Washburn	F. M. Upton & Co.	Quaker City Natl. Phila.
	15	E. B. Beebee & Co.	D. C. Henry	Your Bank

TICKLER

11.19—

FOR WHOM COLLECTED.	AMOUNT COLLECTED.	CHECK.	REMARKS.
Mason & Hamlin	21340		
City Natl. N.Y.	792650		
G. W. Young	10000		
D. J. Lowry	14250		
Sec. Natl. Boston	9680		

12, 19—

H. R. Day	17000		
Howe & King	11000		
City Natl. N.Y.	257450		
Coml. Natl. Chi.	9000		
First Natl. Raleigh N.C.	14500		

accounts in the general balance ledger. At the close of the day the footing of the Debits column is entered on the credit side of the general cash book, and the item checked as shown in the model. The footing of the Credits column is entered on the debit side of the general cash book, and the item checked.

Sight Paper remitted for Our Credit. Checks and sight drafts payable out of town, which are deposited in, or cashed by, our bank are remitted to our correspondents as

REGISTER

EXPLANATION	BANK TO BE DEBITED OR CREDITED	DATE OF ENTRY.	ITEMS.	DEBITS.	CREDITS.	FOL.
Remittance 1/10	Coml. Natl. Troy, N.Y.	Dec. 16			186594	
1/10	Traders Natl. Buffalo	16			98075	
	Chem. Natl. N.Y.	16	153025			
		16	200			
		16	1000	273025		
	Farmers Natl. Phila.	16	1250			
		16	26040	151040		
	Central Natl. Oswego.	16		3256		
Drafts per D.B.	Chem Natl. N.Y.	16			1432450	
Note per D.T.	Farmers Natl. Phila.	16		6000		
Collections per C.T.	Traders Natl. Buffalo	16			475	
				1027821	1764619	

cash items. At the time of the remittance they are charged in the remittance register to the bank to which they are sent, and should not be entered in the collection register.

Sight Paper received for Credit of Others. Checks and sight drafts which are received from other banks to be credited to them should be entered in the remittance register to the credit of the bank remitting them.

Distinction between Collection and Cash Item. If a check, or a similar item, on an out-of-town bank is left at our bank for collection, it should be turned over to the collection clerk, who will enter it in his collection register and collection tickler, and send it away for collection; but if a check, or a similar item, drawn on an out-of-town bank, is deposited in our bank, it becomes a cash item, and should be entered in the remittance register and charged to the bank upon which it is drawn. The disposition of a check on another bank depends upon the answer to the question, "Was it taken *for collection*, or was it *deposited by*, and *credited to*, one of our customers?"

Certified Check Book. This book contains a list of all checks that have been certified. It also shows those that have been paid, together with the date of payment.

CERTIFIED CHECK BOOK

June 20, 19–

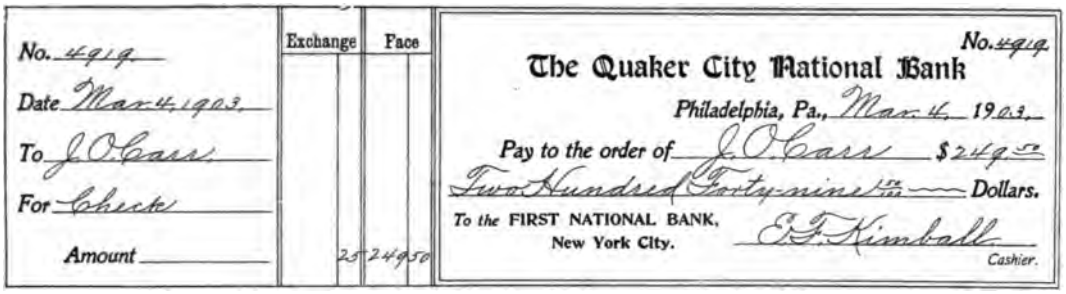
Name of Drawer.	For Whom Certified.	Amount of Check.	When Paid.	Amount Paid
			19–	
Arthur Hines	Arthur Hines	✓ 2000	June 24	2000
C. D. Thomas & Co.	C. A. Muhl	✓ 10500		
C. D. Thomas & Co.	C. D. Thomas & Co.	✓ 7900	Aug. 1	7900
Howe & King	R. J. Collins	✓ 6000	Sept. 4	6000
Arthur Hines	David Thomson	✓ 1000	Aug. 15	1000
		✓ 27400		

Each check certified is debited to the drawer in the individual ledger and the total of the checks certified is posted to the credit of *Checks Certified* in the individual ledger.

From this book the number of certified checks outstanding may be easily determined.

Draft Book. Bank drafts are usually bound in book form. These books are very similar to an ordinary check book, bank drafts being in reality checks of one bank on another bank. The draft book is provided with a stub similar to that of an ordinary check book. On this stub are recorded the number of the draft, the name of a person in whose favor it is drawn, how paid for, the exchange charged, if any, and the face amount. At the close of the day the total of the Face of Draft column is transferred to the remittance register and the total of the Collection and Exchange column to the left side of the general cash book.

DRAFT BOOK



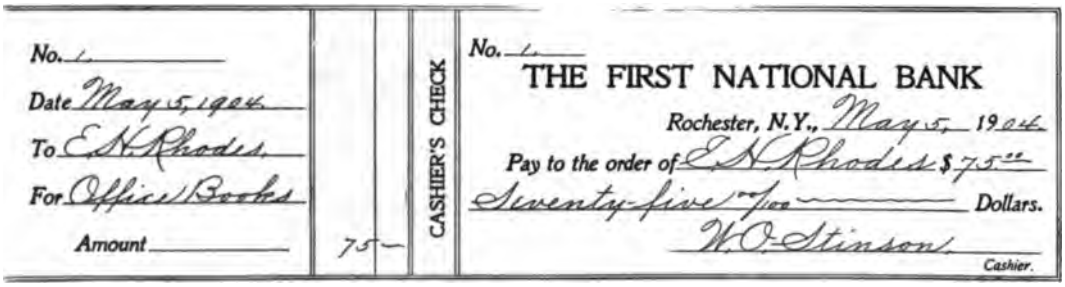
Certificate of Deposit Book. This book closely resembles an ordinary check book. On the stub of the certificate of deposit book are recorded the number of each certificate, the date of issue, the name of the purchaser, the name of the payee, and the amount.

CERTIFICATE OF DEPOSIT BOOK

The total certificates issued during the day is posted to the credit of *Certificates of Deposits* in the individual ledger.

Cashier's Check Book. A cashier's check differs from a depositor's check only in that it is signed by the cashier of the bank; hence a cashier's check book does not

CASHIER'S CHECK BOOK



differ from a depositor's check book. The sum of the cashier's checks issued during the day is posted to the credit of *Cashier's* ℔ in the individual ledger.

Individual Ledger. The individual ledger is a book of original entry for all transactions which affect the accounts of depositors. The names of the depositors are written in alphabetical order in this book. Sometimes the names are printed in when the book is made, and a few blank lines are left after each letter for the purpose of writing in any accounts that may be opened later. The amount of space left for each depositor is determined by the individual bookkeeper, who makes up his estimate from the business which depositors have done previously, or, in the case of a new depositor, the estimate is made upon the amount of business likely to be done. In some banks the leaves following the first record of names are cut two inches narrower, so that when a leaf on the right is turned over on a left-hand page the names are not covered and the record may be continued without rewriting the names, except on the first of each month or each three months.

At the close of banking hours the columns entitled "Checks in Detail," "Total Checks," and "Deposits" are footed. The footings of Checks in Detail and Total Checks columns should be the same.

The footing of Deposits column is entered on the left side of the general cash book, and the amount posted to the credit of *Deposits* in the general balance ledger. The footing of Total Checks column is entered on the right side of the general cash book, and the amount posted to the debit of *Deposits* in the general balance ledger.

In extending balances, each customer's deposit is added to his balance for the previous day, his total checks deducted from this sum, and the new balance extended into the Balance column.

Whenever an account is overdrawn the balance is written in red ink. In footing the Balance column the red ink amounts must be omitted and their sum ascertained separately. The sum of the red ink amounts should be written below the sum of the black ink balances, and in proving, the red ink balances must be subtracted from those written in black ink.

Add the footing of the Deposits column to the footing of the old balance column, and from their sum subtract the footing of the Total Checks column; the remainder should agree with the footing of the new Balance column. If there are red ink balances, their sum should be subtracted from the sum of the black ink balances, and the net amount used in making up this proof.

The letters O. K. are written after a balance when the bank book has been written up and verified.

In case there are too many checks for the space provided in the body of the ledger, the checks may be listed on the margin of the ledger, and reference made thereto by a check mark. (See amount of $2000.00 in column "Checks in Detail," on Friday, after the name of George C. Bain.) The list of the checks composing this item is written on the margin of the ledger. In case the bookkeeper should find it necessary to list checks on the margin very frequently, different characters may be provided for reference to these lists.

General Balance Ledger. This book should contain all the general accounts of the bank. Debit, Credit, and Balance columns are provided for each business day of the week. The debit balances are written in red ink and the credit balances in

black. The sum of the red ink balances should at all times equal the sum of the black ink balances. To the up-to-date banker this form of ledger possesses many advantages over the old form of mercantile ledger. The balance of any account may be ascertained immediately, the bookkeeper can prepare a statement of the bank's condition in a few minutes, and clerical labor is reduced to the minimum, the improved form requiring less than one third the clerical work necessitated by the old method.

GENERAL BALANCE LEDGER

	Monday June 19, 19—			
	BALANCE.	DEBITS.	CREDITS.	BALANCE.
Bills Discounted	[illegible]	44500	1583651	[illegible]
Cash	[illegible]	14856728	17106333	[illegible]
Correspondents	[illegible]	7669518	5478898	1663564
Demand Loans	[illegible]	11000	13575	636245
Due from U.S. Treasurer	[illegible]			[illegible]
Furniture & Fixtures	[illegible]			[illegible]
Five per cent Redemption Fund	[illegible]			[illegible]
Protested Paper	[illegible]	14520	1540	[illegible]
Premium on U.S. Bonds	[illegible]			[illegible]
Real Estate & Mortgages	[illegible]			[illegible]
Stocks and Bonds	[illegible]			[illegible]
Sundry Expense	[illegible]	1320		[illegible]
Salaries	[illegible]			[illegible]
Taxes	[illegible]			[illegible]
U.S. Bonds to secure Cir.	[illegible]			[illegible]
Capital Stock	750000			750000
Circulation	180000			180000
Collection and Exchange	1548420		7510	1555930
Dividends Unpaid	2135			2135
Deposits	152036273	25829192	29632120	155839201
Interest and Discount	2462870		38750	2501620
Loss and Gain				
Surplus Fund	450000			450000
Undivided Profits	9662450			9662450
	[illegible] 303923513	55335875	55335875	[illegible] 3677727 01

The **auxiliary books** used in the organization of a national bank are practically the same as those used in the organization of any other corporation or joint stock company. They may be briefly referred to as follows:

1. The *subscription book*, in which are recorded the names of the persons subscribing for stock, together with the number of shares desired.

2. The *installment book*, in which are written the names of the stockholders and the amount paid in by each.

3. The *minute book*, in which is written a full account of the meetings of the stockholders and board of directors.

4. The *stock certificate book*, from which the certificates representing shares of stock are taken and in which the stockholders receipt for the number of shares issued to them.

5. The *transfer book*, in which is written a brief history of the old certificates canceled and the new ones issued.

6. The *stock ledger*, in which are recorded the amount of the capital stock of the bank, and the part of same debited and credited to the several stockholders.

7. The *dividend book*, in which are written the name of each stockholder, the number of his shares, the amount of his dividend at each dividend period, and his signature at the time dividends are paid.

CONDITION OF THE FIRST NATIONAL BANK, ROCHESTER, N.Y.

To be entered in the General Balance Ledger

The general balance ledger of the First National Bank, Rochester, N.Y., exhibits the following balances of accounts at the close of business, Saturday, Dec. 15, 19–.

Debit Balances		*Credit Balances*	
Stocks and Bonds,	25000.	Capital Stock,	100000.
Cash,	317730.22	Circulation,	67500.
U. S. Bonds to Secure Cir.	75000.	Deposits,	421562.50
Furniture and Fixtures,	4200.	Undivided Profits,	2132.63
Premium on U. S. Bonds,	3750.	Surplus Fund,	32750.
Bills Discounted,	85290.	Collection and Exchange,	1136.54
Redemption Fund (5% of Cir.),	3375.	Interest and Discount,	5062.17
Sundry Expense,	4216.84	Dividends,	
Protested Paper,		Loss and Gain,	
Chemical Natl. Bk., New York,	50265.40		
National Park Bank, New York (approved reserve agent),	50420.		
Traders Natl. Bk., Buffalo, N.Y.,	4221.16		
Coml. Natl. Bk., Troy, N.Y.,	3418.41		
Farmers Natl. Bk., Phil., Pa.,	1242.31		
Central Natl. Bk., Oswego, N.Y.,			
Wayne Co. Natl. Bk., Lyons, N.Y.,	2014.50		
	630143.84		630143.84

Open accounts in the general balance ledger with the foregoing balances in the order in which they are written in the statement, writing the debit balances first, then the credit balances. Place the balances in the extreme left-hand, or Balance, column of the general balance ledger. Write all debit balances in red ink and all credit balances in black ink. Find the sum of the debit balances, and write the footing in red ink at the bottom of the column. Find the sum of the credit balances, and write the footing in black ink at the bottom of the column. (See form of general balance ledger, page 35.)

TO BE ENTERED IN THE INDIVIDUAL LEDGER

Ballantine Bros. & Co.,	8754.12
Beach, C. W. & Bros.,	9271.52
Buffalo, Rochester & Pittsburg R.R. Co.,	124008.73
Black, Adler & Co.,	38300.
Curtis, A. B. & Co.,	27291.68
Coit, Moses & Co.,	5999.68
Deville, Chas. M.,	19173.11
Fidelity Mfg. Co.,	110215.70
Keeler, Boynton & Co.,	9200.
Lord & Taylor,	8692.15
Martin Bros.,	5926.70
Miner, Geo. W. & Co.,	12531.72
Wood, Walter H.,	18215.75
Washburn, C. W.,	20211.64
Certified Checks,	2000.
Certificates of Deposit,	1200.
Cashier's Account,	500.
Notary Fees,	70.

Enter the above accounts in your individual ledger (see model, page 34 A), writing the balances in the extreme left-hand, or Balance, column. Foot the column at the bottom of the page.

In this set you are not opening the books of a bank, but are merely taking charge of the work of a bank which is already in running order. The balances which you are instructed to enter in your books are the balances of the accounts as shown by the books of the bank at the time you take charge of the work.

TO BE ENTERED IN THE DISCOUNT TICKLER

Below is a list of unpaid bills discounted now in the hands of out-of-town banks for collection. This paper must appear in the discount tickler; therefore, enter it in the discount tickler, each item under its date of maturity. Write the following dates, in the order given, in the blank spaces of the discount tickler: Dec. 17, 18, 19, 27, 31, Jan. 2, 5, 6, 7, 8. (See form of discount tickler, pages 26 and 27.)

As no entry is made in the discount register at the maturity of paper, it is not necessary to enter bills discounted on hand at this time in your discount register. In the transactions that occur in the regular daily business of the bank, all such paper should be entered in both the discount register and the discount tickler.

No. 369. Note of Benjamin K. Decker for $1500, discounted by Geo. W. Miner & Co., payable at Traders National Bank, Buffalo, 2 months from Oct. 17. Sent to Traders National Bank, Buffalo.

This note is payable two months from Oct. 17, which would make it due Dec. 17. Make an entry in the discount tickler as follows: In the Number column write *369;* under "Payer," *Benj. K. Decker;* under "Where Payable," *Traders Natl., Buffalo;* under "To Whom Sent," *Traders Natl., Buffalo;* under "By whom Discounted," *Geo. W. Miner & Co.;* under "Amount to be Collected," *1500.00.* Do not write anything in the Remarks column.

No. 300. Note of Lord & Hawley, discounted by Bennett Bros., payable at Farmers National Bank, Batavia, 90 days from Sept. 18, for $2500. Sent to Traders National Bank, Buffalo.

In finding the due date of the above note, count 90 days (not 3 months) from Sept. 18. Ninety days from Sept. 18 is Dec. 17. Make an entry in the discount tickler under date of Dec. 17.

No. 375. Note of D. W. Smith & Co., discounted by the Fidelity Mfg. Co., at 2 months from Oct. 18, payable at Briggs National Bank, Clyde, for $7500. Sent to Wayne Co. National Bank, Lyons.

Two months from Oct. 18 is Dec. 18. Under "Dec. 18," in the second blank space of the discount tickler, make an entry similar to those for preceding numbers.

No. 396. Note of Billings & Hoyt, discounted by L. J. Pratt & Co., at 30 days from Nov. 18, payable at Merchants National Bank, Troy, for $6900. Sent to Commercial National Bank, Troy.

No. 378. Note of Conway, Miller & Morgan, discounted by A. B. Curtis & Co., at 60 days from Oct. 19, payable at Commercial National Bank, Troy, for $5400. Sent to Commercial National Bank, Troy.

No. 399. Note of J. B. Maxwell & Co., discounted by C. W. Washburn, at 30 days from Nov. 19, payable at Newark National Bank, Newark, for $3000. Sent to Wayne Co. National Bank, Lyons.

No. 403. Note of Smith, Brown & Co., discounted by Fidelity Mfg. Co., at 1 month from Nov. 19, payable at Commercial National Bank, Troy, for $1200. Sent to Commercial National Bank, Troy.

No. 421. Note of Williams, Hoyt & Co., discounted by Martin Bros., at 30 days from Nov. 27, payable at Farmers National Bank, Philadelphia, for $500. Sent to Farmers National Bank, Philadelphia.

No. 1. In your package entitled "Work for Student" you will find a memorandum marked "No. 1," to correspond with the number of this transaction. The vouchers following, marked "No. 1," constitute all of the discounted paper in the possession of the bank at this time. Be sure not to remove any of the other vouchers.

(*a*) These notes should be entered in the discount tickler in the order of dates on which they fall due. The dates on which the notes fall due are written on the face and back of the note, and the numbers on the back. Be sure to enter each item under its date of maturity. When notes are payable at First National Bank, Rochester, N.Y.,

write *Our Bank* in the column entitled "Where Payable." The last indorser is the person by whom the note was discounted. Leave the "To Whom Sent" column blank.

Notes are numbered consecutively in the discount register, the number of each note being assigned by the bank first discounting it. When making entries in the discount tickler from the discount register, the numbers assigned the notes on the register are carried to the tickler.

(*b*) After you have entered the notes in the discount tickler, arrange them in the order of maturity and compare them with the tickler, to see that you have made no errors in recording. Next find the envelope entitled "Bills and Notes Discounted" among your miscellaneous supplies. Place all the discounted paper in this envelope, which represents the discount clerk's drawer in the bank.

(*c*) If you have entered all the discounted paper in the discount tickler, it should aggregate the same as the balance of *Bills Discounted* in the general balance ledger.

To be entered in the Collection Tickler

Collection Paper. Banks usually receive daily from customers and out-of-town banks notes and sight and time drafts for collection. The following collections were received in the regular way and sent for collection to the places at which they were made payable. This paper should be shown by the collection tickler. Since there is no entry to be made in the collection register when collections are paid, you need not enter the collections on hand in your collection register.

Write the following dates in the collection tickler, and enter each item under the date of its maturity: Dec. 12, 13, 14, 15, 17, 18, 18 (Dec. 18 occupies two spaces), 19, 20, 26, 27, 29, 30, Jan. 2, 3, 6, 7, 9. (See form of collection tickler, pages 30 and 31.)

No. 586. For Geo. W. Miner & Co., accepted draft at 10 days from Dec. 5, on J. H. Wing, Lyons, for $584.75. Sent to Wayne Co. National Bank, Lyons.

This paper is due Dec. 15. Make the proper entry in the collection tickler. Do not write anything in the Remarks column.

No. 562. For Walter H. Wood, accepted draft at 30 days from Nov. 14, on Wood & Keeler, Newark, for $1250. Sent to Wayne Co. National Bank, Lyons.

No. 568. For A. B. Curtis & Co., John B. Sage's note, at 30 days from Nov. 15, payable at First National Bank, Lyons, for $852.75. Sent to Wayne Co. National Bank, Lyons.

No. 563. For C. W. Washburn, Burke, Hone & Co.'s note, at 30 days from Nov. 14, payable at Traders National Bank, Buffalo, for $1560. Sent to Traders National Bank, Buffalo.

No. 569. For Black, Adler & Co., Williams & Wood's note, at 1 month from Nov. 15, payable at Commercial National Bank, Troy, for $500. Sent to Commercial National Bank, Troy.

No. 532. For Ballantine Bros. & Co., Geo. B. Hill's note, at 2 months from Oct. 19, payable at Commercial National Bank, Troy, for $500. Sent to Commercial National Bank, Troy.

No. 531. For Fidelity Mfg. Co., Rogers, Peet & Co.'s note, at 60 days from Oct. 13, payable at Merchants Bank, Troy, for $211.65. Sent to Commercial National Bank, Troy.

No. 530. For Martin Bros., J. N. Smith's note, at 60 days from Oct. 14, payable at Traders National Bank, Buffalo, for $1200. Sent to Traders National Bank, Buffalo.

No. 2. In your package entitled "Work for Student" find the memorandum marked "No. 2." The vouchers following, marked "No. 2," constitute all the paper in the possession of the bank for collection at this time.

(*a*) This paper should be entered in the collection tickler in the order of maturity. The date of maturity is marked on the face of the paper, and the number on the back. Be careful to make no mistake in recording. If in doubt as to the manner of recording in the collection tickler, refer to the model tickler, pages 30 and 31.

(*b*) The last indorsement shows the person or firm by whom the paper was left for collection. Leave the "To Whom Sent" column blank.

If a note has accumulated interest, the interest is added to the face of the note and the entire amount written in the column entitled "Amount to be Collected."

(*c*) After you have entered the paper held for collection in the collection tickler, arrange it in the order of maturity and compare it with the tickler, to find whether it is entered properly. Next find the envelope entitled "Bills and Notes Held for Collection" among your miscellaneous supplies. Place the paper in this envelope, which represents the collection clerk's drawer in the bank.

To be entered in the Certified Check Book

The following certified checks have not yet been paid.

Check of Black, Adler & Co., certified for T. B. Smithson, $1000.

Check of A. B. Curtis & Co., certified for D. M. Jennings, $1000.

Enter the above checks in your certified check book (see form, page 32). Rule balancing lines across the Amount column, just beneath the last item. These checks are already in the individual ledger and should not be counted when you foot the certified check book at the close of the day.

You have made the required entries in the various principal books of the bank, and are now ready for the work of Monday, Dec. 17.

General Suggestions

Vouchers. All paper and vouchers to be handled will be found in the envelope entitled "Incoming Vouchers." Each clerk's work is plainly marked.

Numbering. The various vouchers and papers are numbered to correspond with the numbers of the transactions in this set. Before making the entries, you should carefully compare the numbers as shown on the papers with the numbers of the transactions which you are recording.

Incoming Papers. All papers which you may receive from others are called "Incoming Papers." These papers are made out just as they would be in business.

Outgoing Papers. All papers which you give to others are called "Outgoing Papers."

Miscellaneous Supplies. The Blank forms which are to be filled out by you are called "Miscellaneous Supplies."

To familiarize you with the general details of banking, you will be required to do the work ordinarily performed by a number of officers and clerks in real business.

RECEIVING TELLER'S WORK

Monday, December 17

Duties. The receiving teller, or, as he is frequently called, the second teller, ranks in position next to the paying teller. He receives deposits from customers, and makes the original credit entries in the bank pass books. He should be rapid and accurate in counting and handling money and able to detect counterfeit bills and coin, and forged negotiable paper. In some banks, all funds received, from whatever sources, pass through the receiving teller's hands; in others, only the deposits pass through his hands. His duties in this work will be limited to the taking of deposits and the issuing of certificates of deposit and cashier's checks.

Examination of Deposits. All items which a customer presents for deposit should be carefully examined. Money should be examined for the purpose of detecting counterfeit bills and coins. Checks on our bank should be examined in regard to the indorsements, dates, form, and the genuineness of the signatures of the drawers. Checks on other banks should be examined in regard to dates, indorsements, and form.

It matters not whether paper offered for deposit is payable *to order* or *to bearer*, the depositor should always be required to place his indorsement thereon.

The Bank Pass Book. After the receiving teller has examined the deposit and compared it with the deposit ticket he should enter the amount of it in the depositor's bank book, together with the date, and his (the receiving teller's) initials; thus:

19— June	20	A.G.K.	2460	40

The bank book is the depositor's receipt, and, in this respect, it is the same as any other receipt; it is always open to explanation, and to correction if it can be shown that an error has been committed. If, by mistake, the bank should enter too large an amount in the depositor's bank book, correction may be made at any time, if the bank proves the entry to be an error.

NOTE. The records in a bank book are of so simple a nature that it has been thought best not to require the student to make them in this set; but the method of writing a bank book explained on pages 19 and 20 should be carefully studied.

As receiving teller, you will take care of the deposits for the day.

The receiving teller's work for Dec. 17 will be found under the memorandum marked "Receiving Teller's Work, Dec. 17," among your incoming vouchers for that date. Find the envelope marked "Receiving Teller's Drawer" among your miscellaneous supplies, and put it on your desk.

Memoranda of Transactions

No. 3. From your receiving teller's work detach the papers marked "No. 3." This is the deposit of Geo. W. Miner & Co. Handle it as follows:

(*a*) Count the bills and see if they agree with the amount named on the deposit slip. If they do, place a check mark on the left side of the amount on the deposit ticket. Examine the drafts and check to see if they are properly indorsed. Compare the amounts on these papers with the amount listed on the deposit ticket, placing a check mark by the side of each item if it is found that the amounts agree.

(*b*) Add the items on the deposit slip, and see if the total agrees with the footing given; if not, make the necessary corrections.

(*c*) Place the check, drafts, money, and deposit ticket in your Receiving Teller's Drawer.

No. 4. Take care of this deposit as you did No. 3. Two of the checks are on our bank. Mark these *Paid Dec. 17, First National Bank*, in red ink, across the face. Banks generally use stamps for this purpose (see form, page 19).

No. 5. Handle *all* deposits similar to Nos. 3 and 4 in the manner outlined for those transactions.

No. 6. There is an item of $3.50 exchange on the out-of-town check. Deduct this amount from the deposit slip (see form below).

Form of Deposit Ticket

DEPOSITED IN

First National Bank,

ROCHESTER, N. Y.

By W. D. Moore,

Dec. 17, 190

	Dollars	Cents.	
Bills,	400		
Gold,	200		
Silver,	10		
Checks,	500		
"	100		
"	1210		
" C. & E.	1 20		
"	1208	80	
"			
"			
"			
TOTAL			

Form of Deposit Ticket

DEPOSITED IN

First National Bank,

ROCHESTER, N. Y.

By Certificate of Deposit

Dec. 16, 190

	Dollars	Cents.	
Bills,	2500		
Gold,			
Silver,			
Checks,			
"			
"			
"			
"			
"			
"			
"			
TOTAL			

Date the cash book, and enter the balance of cash on hand as shown by the general balance ledger. Short-extend the foregoing item of collection and exchange on the left side of the general cash book. (See form of general cash book, pages 24 and 25.)

Nos. 7 and 8. If in doubt as to what to do, refer to instructions for No. 3.

Certificates of Deposit. Certificates of deposit are practically the checks of a bank upon itself. They are usually issued to persons who do not intend to become regular customers. If the purchaser is a stranger, he should be required to write his name across the stub of the certificate in the certificate of deposit book, so that when the instrument is presented for payment the indorsement may be compared with the original signature.

FORM OF CERTIFICATE OF DEPOSIT

$900.00
CERTIFICATE OF DEPOSIT
No 784
Marion, Iowa, June 1, 19—
Chas. T. Simmons has deposited in
THE First National Bank
OF MARION.
Nine Hundred Dollars
payable to the order of himself on return
of this Certificate properly endorsed R. R. Moses
Cashier
THIS DEPOSIT NOT SUBJECT TO CHECK.

No. 9. Ralph W. Frisbee gives you this amount, $4625, for a certificate of deposit. Put the cash in your Receiving Teller's Drawer. Find your certificate of deposit book among your miscellaneous supplies, and make out a certificate in favor of Ralph W. Frisbee, for the amount of his deposit. Make the proper record on the stub of the certificate. Number the certificate 724 (see form above). Sign R. R. Rockwood's name as cashier, per your name.

NOTE. In actual business one could not sign the cashier's name to certificates of deposit, cashier's checks, bank drafts, etc., without the proper authority. In this work it is assumed that the student has been authorized by power of attorney to sign all papers that would ordinarily be signed by the cashier.

Place the certificate of deposit in your envelope for outgoing papers. From the stub of the certificate make out a deposit ticket (see form, page 42).

Place the deposit ticket and cash in your Receiving Teller's Drawer. Number consecutively all certificates issued.

No. 10. Be sure to cancel all checks on our bank, as explained in connection with No. 4.

Nos. 11, 12, 13. Follow the preceding instructions.

If you have taken care of all the deposits as instructed, you are now ready to proceed as follows:

(*a*) Take all the checks, drafts, and deposit tickets out of the Receiving Teller's Drawer. Do not take out the currency. Sort the papers you have taken out and make the following classification:

Checks on our bank.

Checks, drafts, etc., payable in the city.

Deposit tickets.

Checks, drafts, certificates of deposit, etc., payable at out-of-town banks.

Put paper bands around each class of items, and on these bands write *From Receiving Teller.*

To make the above bands, take slips of blank paper about one and one half inches wide and eight inches long. Place the slips around the items and fasten the ends together with a pin or mucilage.

(*b*) Place the deposit tickets in the envelope marked "Individual Bookkeeper's Work for Dec. 17," which you will find among your miscellaneous supplies.

(*c*) Take the paper payable out of town and put it in the envelope entitled "Mail Clerk's Work, Dec. 17," which you will find among your miscellaneous supplies.

(*d*) Take the checks, etc., payable at our bank, and place them in the Individual Bookkeeper's Work, Dec. 17.

(*e*) Take the checks, etc., payable in the city, and place them in the envelope entitled "Note Teller's Work, Dec. 17," which you will find among your miscellaneous supplies.

(*f*) Count the currency in the Receiving Teller's Drawer. It should aggregate $17,391; if it does, take a long blank envelope which you will find among your miscellaneous supplies, and on the outside write, *From receiving teller to paying teller at the close of business, Dec. 17.* Place this envelope in Paying Teller's Drawer, which you will find among your miscellaneous supplies.

PAYING TELLER'S WORK

Monday, December 17

Duties. The paying teller is the disbursing officer of the bank, and in position ranks next to the cashier. He must be thoroughly familiar with the banking business, skilled in accounting and handling money, strictly honorable and trustworthy, and a good judge of human nature. He should know the signatures of all the depositors, and be able to detect forged negotiable instruments. He is the custodian of the funds of the bank, and is required to give a bond for the safe keeping of the cash. Usually the vaults of the bank are provided with two or more doors with combination locks, one of which is known only to the cashier, and the other only to the paying teller. By this means it is impossible for either of these officials to enter the vaults alone, thus reducing the great responsibility which would otherwise be imposed upon a single individual.

Paying Checks. As the principal part of the paying teller's work consists in making disbursements upon vouchers known as bank checks, it is essential that he should be thoroughly familiar with these instruments, and subject them to the most careful scrutiny before paying them.

When a check is presented for payment the cashier should be sure that

1. The signature is genuine.

2. The drawer's account is good for the amount named in it.

3. The person presenting it is the one entitled to receive the money.

4. It is not post dated; that is, dated ahead.

5. It is made payable to some particular individual or company; or specifies the title of the account or the particular object for which it was issued.

6. It specifies, both in figures and in words, the amount of money that is to be paid. These amounts should agree, and in the event of their not agreeing the check should be returned for correction.

The paying teller would be relieved from responsibility in such instances by paying the amount indicated in writing, but the custom of banks is to return a check where there is a disagreement between the figures and the words.

As paying teller, you will now make payments required for the day.

The work for paying teller will be found under the memorandum marked "Paying Teller's Work, Dec. 17," in your package of incoming vouchers.

The envelope marked "Paying Teller's Drawer" will be used to preserve the daily work of the paying teller.

MEMORANDA OF TRANSACTIONS

No. 14. Saturday's proof showed that the cash on hand was $317,730.22. In your package of incoming vouchers for Dec. 17 you will find an envelope marked "Paying Teller's Cash." Take the cash out of the envelope and ascertain whether it is correct or not. If the amount is found to be correct, classify your bills, *i.e.* put $1000 bills in one pile, $500 bills in another, etc. After the cash has been classified, put a narrow band of blank paper around each pile, and on the slip indicate in pencil the amount of that particular package. Add these amounts; the total should be the amount of cash on hand. Lay the packages of bills out before you to use in making payments.

No. 15. D. M. Morgan has presented this check to be cashed.

(*a*) Examine the check to see if it is properly indorsed; if it is, pay it. Always make payments in the largest bills possible. Count all money that you pay out three times. Put the money in the envelope for outgoing papers. It will be impossible for you to prove the cash if you do not exercise great care in handling your money. Remember that any form of carelessness would not be tolerated in actual banking business.

(*b*) Write *Paid, Dec. 17, First National Bank,* in red ink, across the face of the check and place it in Paying Teller's Drawer.

No. 16. Follow the instructions for No. 15. Cancel all the checks on our bank.

No. 17. Unless otherwise specified, all checks, drafts, etc., presented are to be cashed. When in doubt as to what to do, refer to the instructions for No. 15.

No. 18. This check does not need to be indorsed. If it were presented by any one other than either of the drawers, an indorsement would be necessary.

Nos. 19, 20. Collection on each, 75¢. Deduct the charge for collection from the amount of each check before paying it. Credit *Collection and Exchange* in general cash book. Do not cancel these checks.

Certified Checks. One of the most important functions of the paying teller in the larger cities is the certification of checks.

When a check is presented for certification, the paying teller should scrutinize it the same as if the check were presented for payment, and if he has any doubt in regard to the depositor's balance he should apply to the individual bookkeeper for information before making the certification.

FORM OF CERTIFIED CHECK

When a check is certified, the bank becomes responsible for its payment.

In many banks the cashier certifies all paper presented for certification. In some banks this work is performed by either the cashier or the paying teller.

The greater portion of the business of the brokers of Wall Street (New York) is transacted by certified checks. It would be a very difficult task to count the money for these voluminous transactions, to say nothing of the trouble and care of handling it.

A depositor sometimes has a check certified so that he may draw against it. A bank would be unwilling to allow a customer to deposit an uncertified check for twenty thousand dollars, and immediately draw fifteen thousand dollars, before the bank had any opportunity of ascertaining whether or not the check was good.

Some banks (notably those of Boston) make it a rule not to certify checks, but, instead, to take up the check, and issue therefor the bank's certificate of deposit, or a cashier's check.

The certification of a check does not guarantee the indorsements, nor does it guarantee that the check is properly filled out. When a bank certifies a check, it declares, in effect, that the signature is genuine, and that the customer has the amount named in the check on deposit; but should the bank, without any carelessness on its part, certify a raised check, it can only be held for the amount for which the check was originally drawn.

No. 21. Renshaw, Westermann & Co. present this check for certification.

(*a*) Certify the check according to the form given above. Sign your name as paying teller.

(*b*) Place the check in the envelope for outgoing papers.

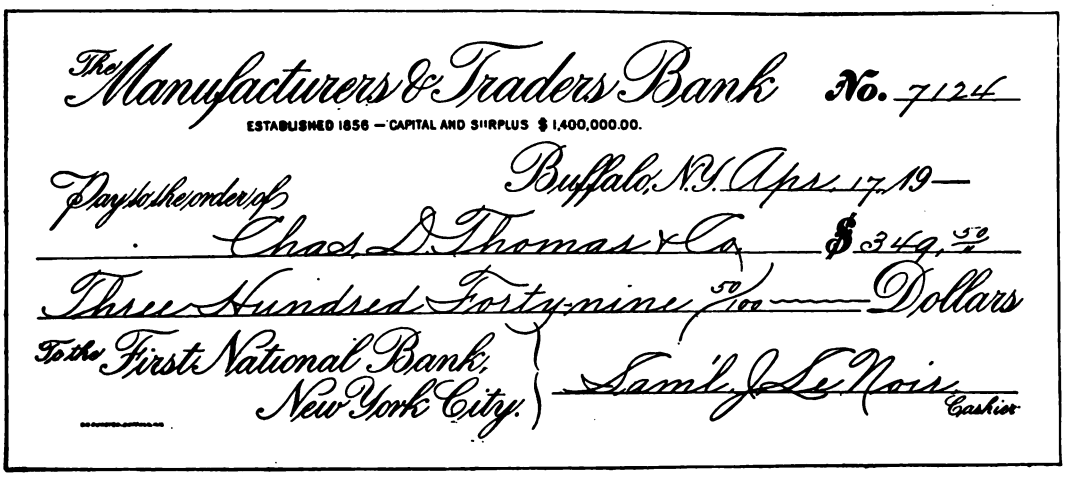
The drawer of a certified check is charged with the amount of the check at the end of the day from the certified check book, and not when the check is presented for payment.

(*c*) Make an entry in the certified check book (see form, page 32).

No. 22. This check is to be certified. Follow instructions for No. 21.

Bank Drafts. Banks located in the smaller cities usually keep money deposited in banks in New York, Boston, Chicago, or other financial centers, against which they draw drafts to sell to their customers. Drafts on New York are very extensively used for making remittances in all parts of the country. Banks which draw drafts are charged with the drafts by the drawee bank in practically the same manner as a resident depositor would be charged with a check.

FORM OF BANK DRAFT


The Manufacturers & Traders Bank No. 7124
ESTABLISHED 1856 — CAPITAL AND SURPLUS $ 1,400,000.00.
Buffalo N.Y. Apr. 17, 19—
Pay to the order of Chas. D. Thomas & Co. $349.50
Three Hundred Forty-nine 50/100 Dollars
To the First National Bank, New York City.
Saml. J. Le Noir Cashier

The deposits which banks make with their correspondents in different financial centers are composed principally of drafts and checks on banks, and drafts on firms and individuals in and near the city in which the correspondent bank is located, and money sent to the correspondent bank by express. The drafts remitted to correspondents are received from customers by the different tellers. This is termed "buying exchange."

When a bank sells a draft on another bank it is termed "selling exchange."

From the above it will be seen that the bank does not sell the same drafts (exchange) that it buys. The drafts purchased are remitted to its correspondents, and drafts are drawn and sold against the balance so created.

No. 23. This check is in payment for New York draft No. 340 and exchange upon same.

(*a*) Find the New York draft book among your miscellaneous supplies, and fill out a blank draft. Sign it as instructed in connection with certificate of deposit No. 9. Make the proper record on the stub of the draft book. *Pay out no money.* Put the draft in the envelope for outgoing papers and the check in the Paying Teller's Drawer. (See form of New York draft above.) Unless otherwise instructed, always make out New York drafts in favor of the purchaser. Do not enter the exchange on New York drafts in the general cash book until the end of the day, when the total amount should be credited from the draft book.

No. 24. This is for New York draft. Follow the instructions for No. 23. Number the drafts consecutively.

No. 25. Presented for certification. Follow the instructions for No. 21.

No. 26. The $3245.50 in this envelope was given you by B. T. Kline & Co., in payment for a New York draft. Face of the draft, $3240; exchange, $5.50.

Write the draft the same as instructed in No. 23. Place the money in the Paying Teller's Drawer.

Nos. 27, 28, 29. These papers are presented for payment. Collection and exchange on No. 29, $1.50. Enter the collection and exchange in the general cash book.

No. 30. These three checks are presented by a messenger from the Bank of Monroe, City, for payment. Pay the sum of them in cash. Cancel the checks.

No. 31. Pay this in cash. Turn to your certified check book and fill out the When Paid and the Amount Paid columns. Place the check in the Paying Teller's Drawer.

No. 32. Pay this in cash, and treat it the same as No. 31.

At this point take all the papers out of Paying Teller's Drawer, and classify them; then proceed as follows:

(*a*) Take all the checks drawn on our bank, write *From Paying Teller* on a slip of paper, place it around the checks, and put them in Individual Bookkeeper's Work, Dec. 17.

(*b*) Take all checks drawn on other city banks, write on a piece of paper *From Paying Teller*, place it around the checks, and put them in Note Teller's Work, Dec. 17.

(*c*) Take all checks and drafts on banks out of town, write on a slip of paper *From Paying Teller*, place it around the items, and put them in Mail Clerk's Work, Dec. 17.

Count your cash on hand very carefully, including the cash in the envelope handed in by receiving teller. Place a slip of paper around each denomination, and on the slip indicate the amount in the pile. The slips that were first prepared for this purpose may be used again if the amounts first written in pencil are erased. Your cash is now in convenient form for handling on the next business day. The total amount in the hands of the paying teller should be $330622.76. If you find that your cash agrees with this, place it in a long, blank envelope and on the outside write: "Paying Teller's Cash." Place the envelope in the paying teller's drawer.

DISCOUNT CLERK'S WORK

Monday, December 17

Duties. The discount clerk has charge of the loaning department of the bank; he keeps the records of this department, and acts as the custodian of most of the bills receivable.

His frequent intercourse with customers demands a large amount of tact, courtesy, and judgment, while his accountancy duties require accuracy and rapidity in a high degree. By many he is considered as standing an equal chance with the paying teller for promotion to the position of cashier.

Loans. Commercial paper, and time and demand loans made upon various kinds of collateral constitute the greater part of the bills receivable of most banks. Such paper is usually received from regular customers, though, in large cities, much of it frequently comes from note brokers, who buy the paper from firms or individuals, and afterwards sell it to the bank.

Many banks invest a portion of their money in bonds, which, while not yielding so high a rate of interest as commercial paper, may always be depended upon as a reserve, practically as reliable as legal tenders in a money stringency or financial panic of any kind.

Making Loans. When a person desires to borrow money from a bank, application is usually made to the cashier, who, in most banks, immediately passes upon it; that is, he accepts or rejects it. If he accepts, the applicant can get his money at once. The convenience of this method over that of compelling the customer to wait four or five days, until the meeting of the board of directors, is obvious. The greatest favor that can be bestowed upon an applicant for a loan, next to granting it, is a prompt refusal.

Loans made in this manner are reviewed by a finance committee appointed by the board of directors, or by the board of directors themselves, and if dissatisfaction is expressed in regard to any of the paper, the paper is disposed of at the earliest convenient day.

In some banks the applications for loans are handed to the discount clerk, who records the fact in what is known as an "Offering" or "Application" book. This book is provided with columns for the date of the application, maker of the note, payer, indorser, collateral security, time, and a column in which is noted the state of the applicant's account (if he is a depositor), the amount of paper that the bank is already carrying for him, and the average amount of his daily balance. The offerings are presented to the board of directors at their regular meetings, and they reject or accept such paper as they deem advisable.

How to ascertain the Due Date of Notes. If a note is payable so many months after date, the due date must be ascertained by counting months. If the note is payable so many days after date, the due date must be ascertained by counting days.

Days of Grace. As days of grace have been abolished by statutory enactments in the majority of states, they are not considered in this work. To find the actual due date of a note in the states in which three days of grace are allowed, it would be necessary in actual business to add three days to the date ascertained by the instructions herein given. For example: A note drawn on June 1, payable ten days after date, would be due June 14, and not on June 11, as would be the case if the three days of grace were not considered.

Method of counting Time for discounting Notes. In this work always count the actual number of days from the date of discount to the due date of the note, and calculate the discount on the note for the number of days so ascertained. If the note bears interest before due, the interest for the length of time that the note has to run is ascertained and added to the face of the note. The total is then discounted for the difference in time between the date of discount and the due date of the note.

The method of counting time for discounting notes varies in different banks, and often in the same bank. Some banks count months for the full number of months, and days for the fraction of a month. Others count the actual number of days, while some few count one day more than the actual number of days. Thus, a customer discounting a note Jan. 10, due Jan. 20, would be charged with interest for eleven days instead of ten. This is on the hypothesis that the money is placed to his credit Jan. 10, and he can use it on that date if he so desires, so that in reality he has the use of the money eleven days.

As discount clerk, you will take care of paper offered for discount.

The work for this department of the bank will be found among your incoming vouchers under the memorandum marked "Discount Clerk's Work, Dec. 17."

The daily work of the discount clerk will be kept in the envelope marked "Bills and Notes Discounted."

Memoranda of Transactions

You already have a number of notes on hand from previous business in the envelope marked "Bills and Notes Discounted." See if these papers are arranged with reference to maturity; if not, arrange them, and proceed as follows:

(*a*) Turn to your discount tickler. Take all paper maturing on Dec. 17, and compare it with the tickler. Some of the notes and drafts have been sent to out-of-town banks for collection, and these, of course, you should not have on hand. The others should check with the tickler; if they do, place them in Note Teller's Work for Dec. 17.

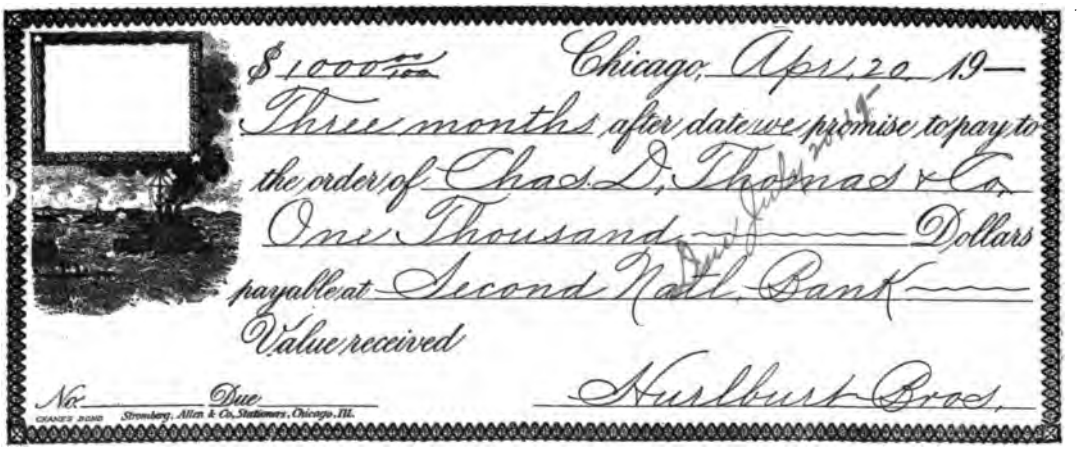
(*b*) Place the remaining notes and bills back in Bills and Notes Discounted.

The following paper is offered for discount and accepted by the cashier.

No. 33. Presented by Martin Bros.; discounted at 6%. Proceed as follows:

(*a*) Determine when the note is due, and indicate this in red ink, as shown below.

Form of entering Due Date on Note



Some banks have a special stamp with which to place the number and the due date on a note. Others write the due date across the face or in the lower left-hand corner in either red or black ink. The student may use red ink in making such records.

(*b*) Count the exact number of days from Dec. 17 to the maturity of the note, and find the discount. Be sure your discount is correctly calculated. Do not make mistakes.

(*c*) Enter the note in the discount register. (See model discount register, pages 24 and 25.) Number the note 450, and from this on number all notes consecutively. Where there is no indorsement other than that of the discounter, it is unnecessary to fill out

column entitled "Indorser and Collateral" in the discount register. If the note bears several indorsements, record the name of the indorser preceding the discounter.

(*d*) On the back of the note, in red ink, write the number and the date of maturity. Place note in the Bills and Notes Discounted envelope.

No. 34. Discounted at 6%. Follow directions for No. 33.

Notes with Accumulated Interest. If a note which has accumulated interest is offered for discount, the amount of the interest should be ascertained, and both the interest and the value of the note at maturity should be indicated in red ink on the face of the note. If the note is payable out of town, this should be done before the note is sent away for collection.

The following illustration represents a note treated in the manner described above.

INTEREST-BEARING NOTE WITH VALUE AT MATURITY INDICATED

$1000
Rochester, N.Y. June 10, 19—
Six months after date I promise to pay to
the order of T. Mills
One Thousand Dollars
at Natl. City Bank, N.Y.
Value received, with interest at 6 per cent per annum.
H. W. Thomson.
No.
Due
Stromberg, Allen & Co. Stationers, Chicago, Ill.

No. 35. Discounted at 6%; collection, ¼%. Proceed as follows:

(*a*) Calculate the interest for 4 months at 6%. Write the amount of interest, in red ink, on the note. Add interest to face, and write this sum on note (see form above).

(*b*) Discount the amount of the note (face plus interest for four months) for the time it has yet to run. Compute the collection on the amount the bank will eventually collect (the face of the note plus the interest).

(*c*) Add the discount and the collection and exchange, and subtract their sum from the face of the note plus the interest. The remainder will be the amount to the credit of Keeler, Boynton & Co.

No. 36. Same as No. 33.

Foot and rule your discount register (see model, pages 24 and 25). From the discount register enter each note or draft in the discount tickler under the date on which it becomes due (see model, pages 26 and 27). Check the items transferred.

All paper payable out of town should be sent away from 10 to 20 days before it is due. Examine the discount tickler, and see if you should send any notes away; if so, fill out the To Whom Sent column in the tickler, and write letters to banks to which paper is to be sent. Send Nos. 430 and 438 to Commercial National Bank, Troy; send

No. 452 to Chemical National Bank, New York. Use printed blanks which will be found among your miscellaneous supplies. (See model letter, below.) Write "Per" and your own name beneath "R. R. Rockwood, Cashier."

FORM OF LETTER ADVISING PAPER SENT FOR COLLECTION AND CREDIT

THE Farmers State Bank

Peoria, Ill. June 20 19-

J. C. Hamill Esq., Cashier.

Dear Sir:

I enclose for collection and credit as stated below:

Very respectfully,

W. B. SMITH, Cashier.

NO. OR DATE.	PAYER.	AMOUNT.	
June 19	M. D. Guenther	200	
327	Leonard & Mason	1000	
495	Jacobs Bros.	400	
378	Warren N. Watson	2000	

Indorse the notes, etc., sent as follows:

Pay to the order of
(Name of Bank)
(Address)
First National Bank,
Rochester, N.Y.,
R. R. Rockwood, Cashier,
Per (your name).

The following is a list of our regular correspondents and the names of their cashiers: Chemical National Bank, New York; cashier, H. A. Seavey. Farmers National Bank, Philadelphia, Pa.; cashier, M. N. Newberry. Traders National Bank, Buffalo, N.Y.; cashier, Robert B. Watson. Commercial National Bank, Troy, N.Y.; cashier, W. B. Smith. Wayne County National Bank, Lyons, N.Y.; cashier, A. M. Hinman.

Have the letters approved by your teacher, and then place them in the envelope for outgoing papers.

Examine your discount tickler, and see if there are any bills or notes maturing to-day that have been sent to other banks; if so, write *Charge* and the initials of the bank to be charged in the Remarks column of the discount tickler. (See model, pages 26 and 27.) Bills discounted sent away for collection should be charged on the day of their maturity to the banks to which they were sent.

COLLECTION CLERK'S WORK

Monday, December 17

Duties. The collection clerk takes charge of all paper received by the bank for collection, and makes the original entries for such upon the proper books of record. He should have a thorough knowledge of the laws and customs relating to promissory notes and drafts, and the rights and duties of parties to such paper.

Collection Paper. Paper received by a bank for collection comes from two sources: customers and out-of-town banks. Such paper does not become the property of the bank. The bank acts only as agent for the owners of the paper, charging a fee, called "collection," for its services.

Entering Collections in the Bank Pass Book. Notes, sight and time drafts left for collection should be entered in the back of the depositor's bank book. When the depositor has a number of collections, it is customary for him to list them on a memorandum slip, or to record them in a book which is especially provided for this purpose. The teller may receipt for the entire number of items at the bottom of the memorandum slip, or immediately beneath the items in the book.

Many banks enter paper left for collection in the same part of the bank book as the deposits, and when paper is not collected the amount of it is not extended in the money column. This is termed "entering short." Some banks give no receipt whatever for the paper left for collection. While such practice is quite common in many localities and very convenient for the banks, it can hardly be encouraged from the standpoint of the accountant. In the event that the paper is lost without being entered on the books of the bank, there would be absolutely nothing to show that the depositor had left it there.

Numbering Collections. Some banks number all paper received for collection, the same as paper received for discount. Other banks do not number collections unless such paper already bears a number, in which case the number it bears is recorded. As a matter of convenience for the student it has been thought best for him to number all collections consecutively, the same as he has learned to number discounts.

Timing. When paper is received for collection, the collection clerk should mark on each note or draft the date of maturity (see model, page 50). A careful clerk will always revise the timing of his notes to guard against any errors. If he should time a note too late, and the drawer should fail to pay, the bank would be liable to the owner

Notice of protest must be given the indorsers not later than the close of the day following that on which the paper was due, provided the indorsers live in the city in which the paper is protested. If they live at distant points, the notices must be mailed to them not later than the day following the due date of the paper.

As collection clerk, you will attend to the collection of paper due to-day, and receive all notes, bills, etc., left for collection.

Your work will be found under the memorandum marked "Collection Clerk's Work, Dec. 17." The envelope marked "Bills and Notes Held for Collection" will be used as collection clerk's drawer in the bank.

Memoranda of Transactions

You already have some notes, etc., on hand in the envelope for Bills and Notes Held for Collection. Proceed as follows:

(*a*) Turn to collection tickler, and compare the paper on hand with that in the tickler. The tickler shows which papers have been sent away. If everything is found correct, put the paper payable in the city Dec. 17 in Note Teller's Work, Dec. 17.

(*b*) Place the remaining notes and drafts back in Bills and Notes Held for Collection.

The following paper has been left for collection:

No. 37. From

Buffalo, Rochester & Pittsburg R. R. Co. (No. 600).
Chas. M. Deville (No. 601).
Walter H. Wood (No. 602).
A. B. Curtis & Co. (No. 603).

The last indorsement shows by whom the paper was left for collection.

(*a*) Find the maturity of each item and write it on the face of the draft in red ink as shown on page 50.

(*b*) Enter each of these items in the collection register (see form, pages 28 and 29). Number the collections consecutively, beginning with No. 600. If the paper is not indorsed by any one other than the person for whom it is collected, the Indorser column is left blank.

(*c*) Write the number and date of maturity on the back of each item in red ink and put the paper in Bills and Notes Held for Collection. From the collection register make the proper entries in the collection tickler. Check the items transferred.

No. 38. This is from your Buffalo correspondent. The paper is already numbered on the back, but you should number it above the number of the Buffalo bank.

(*a*) Number consecutively from collection register. Number the items in the order that they are listed on the envelope.

(*b*) Time the items the same as you timed No. 37.

(*c*) Enter the paper in collection register, and then place it in Bills and Notes Held for Collection. Place the letter in the Letter File, which will be found among miscellaneous supplies.

(*d*) From the collection register make the proper entries in the collection tickler.

No. 39. Proceed as follows:

(*a*) Compare the items enumerated with the items for corresponding numbers in your collection tickler. If they agree, check the items in the letter of advice.

(*b*) Add the columns of the letter. See if the sum of the collection and exchange plus the total proceeds is equal to the footing of the Amount column.

(*c*) In the Remarks column of the collection tickler for No. 531 write *Charge C. N. B.; bank's coll. 50¢*, and for No. 569, *Charge C. N. B.; bank's coll. $1.25.*

(*d*) Place the letter in the Letter File.

These charges for collection are made by Commercial National Bank, Troy, and so should not be entered in our cash book. When the firms for whom these items were collected are credited the collection charges will be deducted.

NOTE TELLER'S WORK

Monday, December 17

Duties. The duties of the note teller vary in different banks. In this work he will take charge of all cash items payable in the city, and all time paper payable in the city and shown by the collection tickler and discount tickler to be due. Each morning the note teller will receive all maturing city collections from the collection clerk; and all city maturing bills discounted from the discount clerk. At the close of each day the paying teller, receiving teller, and mail clerk will give the note teller all their city cash items, and these items will be collected on the day following.

In the majority of banks the note teller sells bank drafts, but in this work it has been thought best to have the paying teller perform this duty.

Messengers. Most banks have messengers employed for the purpose of collecting notes, drafts, etc., due in the city. Sometimes the porter performs this service. These employees are under the direct charge and supervision of the note teller. He should see that they lay out a definite route before leaving the bank, and that their work is performed with proper care, and with due regard to the laws and customs relating to negotiable paper.

Methods of paying Notes. A note is usually paid in one of the following ways: (1) By cash; (2) by charging it to some correspondent; (3) by having it certified, and sending it through the clearing house; (4) by charging it to the depositor's account.

Charging a Depositor with a Note. If a note is made payable at a bank, it is held by the negotiable instruments law, and several supreme court decisions, that it is an order on the bank, and that the bank at which it is made payable has a right to charge it to the depositor's account on the day on which it falls due.

The negotiable instruments law has been adopted in New York, Connecticut, Massachusetts, Maryland, Florida, Virginia, and Colorado.

Among the supreme court decisions sustaining this view are the following:

Pennsylvania (Commercial National Bank *vs.* Heminger, 105 Pa. St. 496); Indiana (Bedford Bank *vs.* Acoaron, 125 Ind. 584); New York (Ætna National Bank *vs.* Fourth National Bank, 46 N. Y. 82). The decisions of some other state courts are conflicting. In case of doubt, it is better to have the maker give his check for the note.

An accepted draft payable at a certain bank would come under the same rule as a note.

As note teller, you will attend to the collection of paper due to-day. Your work will be found under memorandum marked "Note Teller's Work, Dec. 17." The

envelope marked "Note Teller's Drawer," which will be found among your miscellaneous supplies, will be used to preserve the daily work of this department.

The following notes were handed over from the discount department: Nos. 439, 368, 390. Find these papers in the envelope marked "Note Teller's Work for Dec. 17," and see if the numbers correspond.

No. 40. This is from Bank of Monroe in payment for discount No. 439. Put the money in the Note Teller's Drawer. Indorse the note over to Bank of Monroe (see form under transaction No. 46), and put it in your envelope for outgoing papers. Turn to the discount tickler, check the amount, and write *Paid 12/17* in the Remarks column.

No. 41. From James P. Kennedy & Son for No. 368. Put the money in the Note Teller's Drawer; cancel the note and put it in your envelope for outgoing papers.

No. 42. From Traders National Bank in payment for discount No. 390. Proceed as instructed in No. 40.

The following paper was handed over from the collection clerk's department: Nos. 592, 596, 588, 565. Find these papers in the envelope marked "Note Teller's Work, Dec. 17," and see if numbers agree.

No. 43. No. 596 should be marked *Charge K. B. & Co., 12/17* in the Remarks column of the collection tickler. Cancel the draft and put it in the envelope for outgoing papers.

No. 44. This amount, $240.56, is from W. W. Osgood & Co., in payment for collection No. 592 and interest. Your bank charges 25¢ for collection.

Credit Collection and Exchange in the general cash book. Write *Paid 12/17; our coll. 25¢* in the Remarks column of the collection tickler. Cancel the note and place it in envelope for outgoing papers. Place the cash in the Note Teller's Drawer.

No. 45. This amount, $1500, is in payment for collections Nos. 588 and 565. Write *Paid 12/17* in the Remarks column of the collection tickler. Cancel each note, and place it in the envelope for outgoing papers. Place the cash in the Note Teller's Drawer.

No. 46. This amount, $2948.29, is for city cash paper which you have collected. It is in payment of the following checks:

Chas. M. Harrison,	$162.65
Chas. W. Gray & Co.,	1249.62
The Knowlton Paper Box Co.,	1264.52
Warriner & Co.,	121.50
Kelley, Jones & Co.,	150.00

Find these checks in "Note Teller's Work, Dec. 17," and indorse them as follows:

Pay to the order of
(Name of bank on which drawn)
First National Bank,
R. R. Rockwood, Cashier.
Per (your name).

Place them in the envelope for outgoing papers. It is assumed that bank messengers brought in the money for these checks from the banks on which they are drawn.

Count your cash. You should have on hand $20,938.85. Put this in a bla envelope, and on the outside write *From Note Teller to Paying Teller, Dec. 17.* Pla this envelope in Paying Teller's Drawer.

MAIL CLERK'S WORK

Monday, December 17

Duties. The mail clerk usually keeps an account with his bank's dealings wi out-of-town banks. He handles all remittances of cash items, either to or from the banks. In this way such items are kept entirely separate from the collections whi are handled by the collection clerk.

This work will be found under memorandum marked "Mail Clerk's Work, De 17." All papers received to be retained by you should be placed in Mail Clerk Drawer, which will be found among your miscellaneous supplies.

No. 47. This is from your correspondent at Lyons, N.Y. Proceed as follows:

(*a*) Compare the items enumerated in the letter with the accompanying vouche checking the amounts in the letter with a pencil if they agree.

(*b*) Add the columns of the letter, and if found correct, place the vouchers ar the letter in your Mail Clerk's Drawer.

No. 48. This is from your Buffalo correspondent. Handle the same as No. 47.

No. 49. This is from your Philadelphia correspondent.

Take the papers out of the Mail Clerk's Drawer, and proceed as follows:

(*a*) Take all the letters you have received from correspondents and from the enter the total amounts to be credited to the different banks in your remittance regist (see form, pages 30 and 31). Place the letters in the Letter File.

(*b*) In the envelope marked "Mail Clerk's Work, Dec. 17," you will find a number c checks, drafts, etc., handed over from the receiving teller, paying teller, and note telle to be sent away to other banks. Take these out and sort them, putting all those t be sent to any particular bank together, and enter them in your remittance registe Remember to itemize in this book everything that is sent away. Remittances that w receive need not be itemized, as the letters containing remittances can be filed awa for reference.

Whenever you remit paper for credit, be sure to send checks in the vicinity c Troy, N.Y., to Commercial National Bank, Troy; checks in the vicinity of Buffal N.Y., to Traders National Bank, Buffalo; and so on. Checks on banks in other place near you, but not in the vicinity of your regular correspondents, should be sent direc to the banks on which they are drawn, with the request that proceeds be remitted b New York draft. Accounts will have to be opened with these banks, although the are not regarded as regular correspondents. Send the checks on Syracuse bank t Troy, N.Y.; send the Peekskill check and the New Haven check to Chemical Nationa Bank; send the Oswego check direct to Central National Bank, Oswego (cashie George W. Savage); **send all the other** papers to regular correspondents.

Make the body of your letter to the Oswego bank read: "I inclose for collection and immediate returns the items stated below."

FORM OF ADVICE OF REMITTANCE OF CASH ITEMS

GEORGE W. THAYER, PRESIDENT. HENRY C. BREWSTER, VICE-PRESIDENT.
W. B. SMITH, CASHIER. BYRON D. McALPINE, VICE-PRESIDENT.

CAPITAL, $150,000.

First National Bank.

Rochester, N.Y. June 20, 19—

J. C. Haines, Esq., Cashier.

Dear Sir:

I enclose for credit to our account items as stated below.

Very respectfully,

W. B. SMITH, Cashier.

DATE.	ON WHOM DRAWN.	AMOUNT.	
June 18	You	400	
19	Chemical Natl.	1200	
19	Hanover Natl.	700	
19	1st Natl. Brooklyn	600	
	Total	2900	

After making the entries in the remittance register, write letters to the different banks. Use blanks which you will find among your miscellaneous supplies. (See form of letter of remittance above.)

After writing the letters, indorse the various items that are to be sent as follows:

Pay to the order of
(Name of bank)
(Address)
First National Bank,
Rochester, N.Y.,
R. R. Rockwood, Cashier,
Per (your name).

(*a*) Compare the items very carefully with the amounts shown in the letters, after which compare the letters with the items shown in the remittance register. If they agree, put the remittances in the letters, direct the letters to the proper banks, and hand them to your teacher for approval. After he has approved the letters and returned them to you, place them in your envelope for outgoing papers.

(*b*) Next take your draft book, filled out by you as paying teller, and foot and rule it. Carry the footing of the Face column to the credit of Chemical National Bank in your remittance register, and the footing of the Exchange column to the credit of Collection and Exchange on the left-hand side of the general cash book.

(*c*) Turn to the collection tickler. Under Dec. 12, No. 531, is marked, *Charge C.N.B. 12/17; bank's coll. 50¢.* This means that the Commercial National Bank has reported the collection of that amount, and that it should be charged for the amount, less 50¢. Charge Commercial National Bank in the remittance register for the proceeds.

Treat No. 569 in a similar manner.

(*d*) Take three slips of paper and write *From Mail Clerk* upon them. Fasten a slip around the checks on our bank, and place them in the Individual Bookkeeper's Work, Dec. 17.

(*e*) Place the checks, if any, on out-of-town banks in Mail Clerk's Work, Dec. 17.

(*f*) Place the checks, drafts, etc., payable in the city in Note Teller's Drawer.

(*g*) Turn to your discount tickler. Under Dec. 17 discounts Nos. 369 and 300 are marked *Charge T.N.B.* Charge Traders National Bank with each of these discounts.

(*h*) Rule and foot the remittance register.

INDIVIDUAL BOOKKEEPER'S WORK

Monday, December 17

Duties. The individual bookkeeper has charge of the accounts with depositors. In many banks there are several individual bookkeepers, the individual ledgers being subdivided in consequence of the large number of accounts therein. The individual bookkeeper should be rapid and accurate in figures, should write a good, plain, business hand, and possess a great deal of patience, for it is generally his duty to meet many of the depositors of the bank and answer numerous questions regarding their accounts. No mention of anything regarding a depositor's account should be made to any one outside of the bank, other than the depositor or his representative. The depositor's bank book is usually balanced by this clerk.

As individual bookkeeper, you should now turn to the envelope marked "Individual Bookkeeper's Work, Dec. 17th."

(*a*) Sort the checks into piles arranged in the alphabetical order of the names of the drawers.

(*b*) Begin with the letter B and enter the checks in the Checks in Detail column of the individual ledger (see form, page 34 A). When you have entered the checks under B, take up those under C and proceed in the same manner. As you enter the checks, place them face downward in a pile so that when you have finished the last check you have entered is on the top of the pile.

(*c*) After you have entered all the checks, compare them very carefully with the items in the individual ledger; if they agree, fasten the checks together with a slip of paper and place them in your envelope for outgoing papers.

Banks usually file customers' canceled checks in a series of drawers, subdivided by pasteboard partitions having the names of the depositors written thereon. When the customer's pass book is written, these canceled vouchers are returned to him.

Checks are canceled in regular banking houses by the tellers (see form, page 19). They are also canceled in some form by the individual bookkeeper. He usually cuts the word "Paid" through the check with a machine provided for this purpose.

(*d*) Turn to the certified check book and foot it (see form, page 32). Credit *Certified Checks* for the total in the Deposits column of the individual ledger. Next debit the drawers of the checks in the Checks in Detail column of the individual ledger for the proper amounts. Check each item and the total as they are posted.

(*e*) Turn to the discount and collection ticklers, and enter the notes charged to depositors to the debit of each depositor in the Checks in Detail column of the individual ledger. Under this date there are no charges in the discount tickler against depositors; in the collection tickler there is a charge against Keeler, Boynton & Co. Check the item. (This charge might have been made from the canceled draft.)

(*f*) Ascertain the totals of the checks after the various names in the individual ledger, and carry the amounts into the Total Checks column. Next foot the Checks in Detail and the Total Checks columns in pencil. The totals should agree.

(*g*) Take the deposit tickets from Individual Bookkeeper's Work, Dec. 17th, and enter the amounts of them opposite the proper names in the Deposits column of the individual ledger.

(*h*) Fasten the deposit tickets together, and place them in your envelope for outgoing papers. In actual business these deposit tickets would be filed away by the bank in some systematic way.

(*i*) Turn to the discount register. The items in the Proceeds column should be credited in the individual ledger to the persons for whom discounted. Write the amounts above the other deposits in cases where deposits have already been made to-day. Place the letter "d" against the amount, to show that it comes from the proceeds of paper discounted to-day. Check the items posted.

(*j*) Turn to the collection tickler. No. 531 under Dec. 12 was collected for Fidelity Mfg. Co. and the proceeds should be placed to their credit in the Deposits column of the individual ledger. Place the letter "c" before the amount, to show that

it comes from the collection tickler. Check the amount in the column entitled "Ck." in the collection tickler.

(*k*) No. 569 should be credited to Black, Adler & Co. in the same manner.

(*l*) Under Dec. 17th in the collection tickler there are four collections settled. Credit the persons for whom these items are collected in the Deposits column of the individual ledger. Where a note is interest-bearing, be sure to add the interest to the face before deducting the collection and exchange. Check the items transferred.

(*m*) Foot the columns of the individual ledger (see form, page 34 A).

(*n*) Extend the balances in the individual ledger, as follows: add the total deposits to the old balance, and from the sum subtract the total checks; the remainder will be the new balance. When an account is overdrawn, the overdraft should be written in red ink.

Foot the Balance column and prove the individual ledger. The difference between the Balance column for Saturday and the Balance column for to-day should equal the difference between the Total Checks and Deposits columns for to-day. If the Balance column shows that there have been overdrafts, the amounts of the overdrafts should be omitted in footing the black ink balances, and their sum written below the black ink total. In proving, the red ink total must be subtracted from the black ink total.

GENERAL BOOKKEEPER'S WORK

Monday, December 17

Duties. The general bookkeeper has personal charge of the general ledger and is required to make out statements exhibiting the bank's condition from time to time. He must be familiar with the method of accounting employed in every department of bank work, as it is all more or less under his supervision. He should be absolutely accurate in his accounts, and able at all times to furnish a complete statement of the bank's affairs within a few hours. He is regarded by many as standing an equal chance with the paying teller for promotion.

As general bookkeeper, you will now write up the general cash book for the day's business. Proceed as follows:

(*a*) Turn to the discount register, and carry the footing of the Amount column to the debit of Bills Discounted on the right-hand side of the general cash book, and the footing of Interest and Discount and Collection and Exchange columns to the credit of those accounts on the left-hand side of the general cash book (see form, pages 24 and 25). Check the totals transferred.

(*b*) Turn to the discount tickler under date of Dec. 17. You will find that all paper due to-day has either been paid in cash or is to be charged to the bank to which it was sent for collection. Foot the money column of the discount tickler for Dec. 17, and credit Bills Discounted on the left-hand side of the general cash book for the total. Check the total transferred.

(*c*) Carry the footing of Deposits column in the individual ledger to the credit of Deposits account on the left-hand side of the general cash book, and the footing of

Total Checks column to the debit of Deposits account on the right-hand side of the general cash book. Check the totals transferred.

(*d*) Carry the total of the Debit column of the remittance register to the right-hand side of the general cash book, as follows: ***Remittance Register, total for day,*** $\$$———. Check this item in the Folio column of the general cash book, as it is not to be posted. Carry the footing of the Credit column of the remittance register to the left-hand side of the general cash book in the same manner. Do not forget to check the item on this side.

(*e*) Prove your cash. The difference between the sides of your general cash book should equal the amount in the hands of the paying teller, plus the total of city checks, etc., in the hands of the note teller. The balance of the cash book should be $354,135.66. If everything proves, foot and rule the general cash book (see form, pages 24 and 25).

(*f*) Post the cash book to the general balance ledger just as you would an ordinary cash book. Post only the total of the Collection and Exchange column. Post the total cash receipts to the debit, and the total payments to the credit of Cash account in the general balance ledger.

(*g*) Post the Debit and Credit columns of the remittance register to the general balance ledger.

(*h*) Extend the balances on the general balance ledger (see form, page 35). The debit balances should be written in red ink, and the credit balances in black. The sum of the red ink balances should at all times equal the sum of those written in black.

The work for Dec. 17 is now completed. Submit your work to your teacher for examination and approval.

PART III. BANK ACCOUNTING (WITHOUT VOUCHERS)

GENERAL INSTRUCTIONS

The following transactions are designed to give the student additional practice in bank bookkeeping, without the inconvenience of the actual use of the numerous papers and currency required for the full illustration of a day's work, as shown in the transactions of Dec. 17.

In performing the work of Dec. 18, the student should take care to follow exactly the instructions of the text, and to consult freely the books of Dec. 17, where similar transactions will be found properly recorded.

RECEIVING TELLER'S WORK

Tuesday, December 18

The following deposits have been received.

As you will not receive the deposit tickets in the transactions given below, you may write the name of each depositor on a sheet of journal paper, and opposite each name write the amount of the deposit; at the top of the sheet write *From Receiving Teller to Individual Bookkeeper, Dec. 18.* Preserve this list, as from it entries will be made in the individual ledger while performing the work of the individual bookkeeper.

No. 50. Martin Bros., $4446.74. Collection and exchange, 25¢. Short-extend *Collection and Exchange* in the general cash book, and deduct 25¢ from the amount of the deposit.

No. 51. Black, Adler & Co., $2720.

No. 52. Geo. W. Miner & Co., $8276.

No. 53. Walter H. Wood, $1561.10.

No. 54. Keeler, Boynton & Co., $1179.37.

No. 55. F. R. Tremlin has given you $4590 for a certificate of deposit. Write *Certificate of Deposit* on your list of deposits. Issue a certificate of deposit as explained in connection with No. 9, page 43.

No. 56. Moses Coit & Co., $12000.

No. 57. C. W. Beach & Bros., $6781.

No. 58. Lord & Taylor, $1422.

No. 59. Wm. W. Fox has given you $1060 for a certificate of deposit. Follow the instructions for No. 55.

No. 60. Chas. M. Deville, $421.62. Collection and exchange, $1.00. Follow the instructions for No. 50.

No. 61. Fidelity Mfg. Co., $3266.68. Collection and exchange, $1.00, paid in cash. Make an entry for the collection and exchange in the general cash book, but do not deduct the charge from the amount of the deposit.

No. 62. Ballantine Bros. & Co., $2940.40. Collection and exchange, $1.00.

No. 63. C. W. Washburn, $775.40. Collection and exchange, 50¢.

No. 64. A. B. Curtis & Co., $4625.

You have on hand currency aggregating $16,154, which you turn over to the paying teller.

PAYING TELLER'S WORK

Tuesday, December 18

The following checks and drafts have been paid.

Record the checks drawn on *our bank* (excepting checks presented for certification) on a sheet of journal paper, writing the name of each customer, and opposite the name the amounts of the checks with which he is to be charged. At the top of the sheet write *From Paying Teller to Individual Bookkeeper, Dec. 18.* These checks will be entered in the individual ledger while performing the work of the individual bookkeeper.

No. 65. Check of Buffalo, Rochester & Pittsburg R. R. Co. on our bank for $650.

No. 66. Check of Masten & Wolven on Farmers National Bank, Philadelphia, for $126.50, indorsed by R. B. Traver; collection and exchange, 30¢. Credit *Collection and Exchange* in the general cash book.

No. 67. Draft of Bradford National Bank, Bradford, Pa., on Quaker City National Bank, Philadelphia, for $420.62, indorsed by C. B. Moore. No entry required at this time; you will send the draft away for credit while performing the work of the mail clerk.

No. 68. Chas. B. Pease has given you cash, $1562.50, in payment for New York draft and exchange. Face of draft, $1560; exchange, $2.50.

Write the draft and make the proper record on the stub of the draft book. Exchange on New York drafts should not be entered in the general cash book until the close of the day.

No. 69. Fidelity Mfg. Co. has presented its check on our bank for certification. Amount of check, $1262.75. Make an entry in the certified check book.

No. 70. C. W. Washburn has presented his check on our bank for certification. Amount of check, $1200.

No. 71. Check of Geo. W. Miner & Co. on our bank for $1202, in payment for New York draft and exchange. Face of draft, $1200; exchange, $2.00. Enter on the stub of draft book; also write the draft.

No. 72. Check of A. B. Curtis & Co. on our bank for $1261.52, in payment for New York draft for the same amount. Exchange, $2.50, paid in cash.

No. 73. Check of Lord & Taylor on our bank for $200, in payment for New York draft for the same amount. Exchange, 25¢, paid in cash.

No. 74. Check of Moses Coit & Co. on our bank for New York draft and exchange. Face of draft, $1500; exchange, $3.00.

No. 75. Check of Black, Adler & Co. on our bank for $100.

No. 76. Check of Walter H. Wood on our bank for $50.

No. 77. Check of C. W. Beach & Bros. on our bank in payment for New York draft for $1200. Exchange, $2.50, paid in cash.

No. 78. H. W. Klinck has presented for certification check of Chas. M. Deville for $1500, payable at our bank. Enter in the certified check book.

No. 79. Check of F. F. Findlay on Commercial National Bank, Troy, N.Y., for $750, indorsed by E. E. Frey; collection and exchange, $1.50. Do not forget to credit *Collection and Exchange* in the general cash book.

No. 80. The following checks have been presented for payment by a messenger from the Bank of Monroe, City. Pay the total amount by New York draft.

Check of Black, Adler & Co. on our bank for $1579.25.

Check of Ballantine Bros. & Co. on our bank for $126.59.

Check of Lord & Taylor on our bank for $128.72.

Write the draft and make the proper record on the stub of the draft book.

No. 81. The following checks have been presented for payment by a messenger from Traders National Bank, City. Pay the total amount by New York draft.

Check of Keeler, Boynton & Co. on our bank for $150.

Check of Walter H. Wood on our bank for $200.

A Cashier's Check is the same as an ordinary check in every way, except that it is signed by the cashier of a bank. Such checks are many times issued for the payment of the general expenses of a bank, notes discounted for cash, etc.

No. 82. Wetmore, Rauber & Co. have presented their bill for office desk, $95. Pay the same by cashier's check.

Turn to your book of cashier's checks, write a check in favor of Wetmore, Rauber & Co., and make the proper record on the stub. Number the check 115. Debit *Furniture and Fixtures* on the right-hand side of the general cash book.

The total amount of currency now in the hands of the paying teller is $367,188.04. This amount includes the cash received from receiving teller to-day ($16,154) and cash on hand in Paying Teller's Drawer Dec. 17 ($351,561.61).

DISCOUNT CLERK'S WORK

Tuesday, December 18

The following paper has been discounted.

No. 83. For Geo. W. Miner & Co., draft of J. P. Parsons & Co. for $9500, payable at our bank 30 days from Dec. 1; discounted at 6%.

Count the exact number of days from Dec. 18 to the date of maturity and find the discount. Make the proper entries in discount register.

No. 84. For Walter H. Wood, note of Lord & Taylor for $8250, payable at our bank 2 months from Nov. 7; discounted at 6%.

No. 85. For Fidelity Mfg. Co., note of Lord & Taylor for $7500, payable at our bank 30 days from Dec. 7; discounted at 6%.

No. 86. For C. W. Beach & Bros., note of Hathaway & Hall for $1000, indorsed by B. B. Babbitts & Son, payable at Commercial National Bank, Troy, N.Y., 1 month from Dec. 7. Discounted at 6% ; collection and exchange, $1.50.

No. 87. For Ballantine Bros. & Co., note of Howard & Endrews for $2450, indorsed by Morgan & Benedict, payable at Commercial National Bank, Troy, N.Y., 30 days from Dec. 8. Discounted at 6% ; collection and exchange, $4.50.

Foot and rule your discount register.

If a note is discounted for some one who is not a depositor, *Sundry Discounts* should be credited in the individual ledger for the proceeds. Such notes should be entered in the discount register the same as notes offered for discount by regular depositors, and *S. D.* should be written in red ink after the name of the person or firm in the For Whom Discounted column. The persons offering paper for discount in this manner usually draw in cash the proceeds of the notes at the time they are discounted. This may be done by check or receipt, the latter being commonly used.

Some banks credit *Cashier's Account* for the proceeds of notes discounted for persons other than depositors. In such cases, the cashier always issues a check to the discounter.

From the discount register make the proper entries in the discount tickler.

The following discounted paper has been sent away for collection. Nos. 457 and 458 to Commercial National Bank, Troy. Make the proper entries in the To Whom Sent column of the discount tickler.

All paper payable at out-of-town banks maturing to-day should be marked *Charge* and the initials of the bank to be charged in the Remarks column of the discount tickler.

COLLECTION CLERK'S WORK

Tuesday, December 18

The following paper has been received for collection. Enter the items in the collection register.

No. 88. From Chas. M. Deville, sight draft on Raymond Bros. for $260.10, dated Dec. 18, payable at Philadelphia.

No. 89. From Walter H. Wood, sight draft on Gray, Morgan & Co. for $1200, dated Dec. 18, payable at Philadelphia.

No. 90. From Keeler, Boynton & Co., sight draft on Smith, Perkins & Co. for $2142.16, dated Dec. 18, payable at Buffalo.

No. 91. From Black, Adler & Co., sight draft on D. M. Garson & Co. for $642.68, dated Dec. 18, payable at Buffalo.

No. 92. From Fidelity Mfg. Co., note of A. S. Warner for $152.16, payable at our bank 10 days from Dec. 10.

No. 93. From Martin Bros., note of Wm. J. Amos & Co. for $200, payable at Bank of Monroe, City, 15 days from Dec. 15.

The following paper has been received from other banks for collection.

No. 94. From Farmers National Bank, Philadelphia, sight draft on E. M. Mills & Son for $500, dated Dec. 12, payable at Rochester, indorsed by Geo. W. Schwartz ; sight draft on Baker Bros. & Co. for $652.17, dated Dec. 14, payable at Rochester, indorsed by Halliday & Halliday ; acceptance of Thomas M. Pratt & Son for $320.50,

payable at Bank of Monroe, City, 30 days from Dec. 10, indorsed by M. D. Klett; note of Myron T. Carey for $900, payable at Bank of Monroe, City, 30 days from Dec. 8, with interest at 6%, indorsed by W. W. Catchpole.

No. 95. From Wayne County National Bank, Lyons, note of Chas. M. Deville for $1200, payable at our bank 15 days from Dec. 10, with interest at 6%, indorsed by Geo. T. Milem & Co.; note of Walter H. Wood for $400, payable at our bank 1 month from Dec. 1, indorsed by R. E. Gallagher; sight draft on Morrison & Henry for $1000, dated Dec. 17, payable at Rochester, indorsed by Michael M. Winters.

No. 96. From Traders National Bank, Buffalo, acceptance of C. M. DeCarr for $600, payable at Bank of Monroe, City, 1 month from Dec. 3, indorsed by C. C. Cooper & Bro.; note of Steefel, Moll & Co. for $126.52, payable at Bank of Monroe, City, 1 month from Dec. 1, indorsed by Briggs, Hinman & Co.; sight draft on B. K. Munn & Co. for $500, dated Dec. 15, payable at Rochester, indorsed by T. B. Welch.

From the collection register make the proper entries in the collection tickler. Paper payable at sight should be entered under Dec. 18, unless time is allowed for the collection of such paper, in which case it should be entered under the estimated date of collection. For example: A sight draft, dated Dec. 17, on which ten days are allowed for collection, should be entered under Dec. 27, instead of Dec. 17. Time for collection is allowed only when so stated in the text book.

Letters of advice have been received from other banks stating that the following paper has been collected and the proceeds placed to our credit.

No. 97. From Traders National Bank, Buffalo, No. 530, collected for Martin Bros.; No. 563, collected for C. W. Washburn. Collection and exchange charged us on each, $1.25.

In the Remarks column of the collection tickler for each item write *Charge T. N. B. 12/18; bank's coll. $1.25.*

No. 98. From Wayne County National Bank, Lyons, No. 562, collected for W. H. Wood; bank's collection and exchange, $2.00. No. 586, collected for Geo. W. Miner & Co.; bank's collection and exchange, $1.10. No. 568, collected for A. B. Curtis & Co.; bank's collection and exchange, $1.70. Follow the instructions for No. 97.

The following collection paper has been sent to other banks for collection. Nos. 607 and 608 to Farmers National Bank, Philadelphia; Nos. 609 and 610 to Traders National Bank, Buffalo. Make the proper entries in the To Whom Sent column of the collection tickler.

NOTE TELLER'S WORK

Tuesday, December 18

The following paper received from the discount clerk has been collected as stated below.

No. 99. No. 380, charged to Keeler, Boynton & Co., the makers.

Turn to your discount tickler, and write *Charge K., B. & Co.* in the Remarks column.

No. 100. No. 394, charged to Ballantine Bros. & Co. Follow the instructions for No. 99.

No. 101. Note No. 376, not being paid, is protested for non-payment.

Write *Protested; fees, $3.00* in the Remarks column of the discount tickler.

When the above transaction is recorded in the general cash book, it will stand: Protested Paper debited and Bills Discounted credited.

Some banks make no entry at all when paper is protested, but leave all such paper in the Bills Discounted account until it is paid, a judgment is received, or it is found to be worthless. In case a judgment is obtained, Judgment account is debited for the entire amount — face of note, interest, and costs — Bills Discounted account is credited for the face of the note, and Interest account for the interest upon it. In case the judgment proves to be worthless, Loss and Gain account is debited and Judgment account credited.

The following paper received from the collection clerk has been collected as stated below.

No. 102. No. 580, charged to maker. Make the proper entry in the Remarks column of the collection tickler.

No. 103. Received from the Bank of Monroe, City, New York draft for $1550.60, in payment for collections Nos. 570 and 600. Write *Paid 12/18* in the Remarks column of the collection tickler for each collection.

No. 104. No. 536, charged to Martin Bros.

No. 105. Received cash $2152.17 in payment for collections Nos. 613, 614, and 619. Our collection and exchange on Nos. 613 and 614, $1.00 each; on No. 619, $1.50. Credit *Collection and Exchange* in the general cash book for each of our charges for collection on above; also make the proper entry in the Remarks column of the collection tickler.

No. 106. Received cash $500 in payment for collection No. 622. Our collection and exchange, $1.00.

No. 107. Received from Bank of Monroe, City, New York draft for $2425.37, in payment for checks received and forwarded to that bank. Make no entry at this time. The New York draft will be sent away by the mail clerk.

No. 108. Received from Traders National Bank, City, a New York draft for $1000.50, in payment for checks received and forwarded to that bank. Follow the instructions for No. 107.

No. 109. Received cash $752.95 in payment for checks received on Mechanics National Bank, $552.95, and Benjamin Hilton & Co.'s sight draft, $200.

The amount of currency in your hands as note teller is $3405.12. This amount is given to paying teller. You have on hand cash items to the amount of $2625.98.

MAIL CLERK'S WORK

Tuesday, December 18

The following remittances of cash items have been received from other banks. Enter the total of each remittance to the credit of the proper bank in your remittance register.

No. 110. From Farmers National Bank, Philadelphia.

Sight draft on Vacuum Oil Co., City, for $600; certified check of Keeler, Boynton & Co. on our bank for $1200; check of Fidelity Mfg. Co. on our bank for $562.12. Letter is dated Dec. 15.

No. 111. From Commercial National Bank, Troy, N.Y.

Check of Arnold, Ames & Co. on Wayne County National Bank, Lyons, N.Y., for $126.52; check of L. T. Meachum on Wayne County National Bank, Lyons, N.Y., for $150. Letter is dated Dec. 17.

No. 112. From Wayne County National Bank, Lyons, N.Y.

Sight draft on Bell Telephone Co., City, for $1562; check of J. W. Walton on Mechanics National Bank, City, for $162.46; check of Geo. W. Miner & Co. on our bank for $506.20; check of Worthington Bros. & Co. on Bank of Monroe, City, for $301.52. Letter is dated Dec. 17.

You have sent to other banks the following paper received this day from the receiving teller, paying teller, and note teller. Make the proper entries in the remittance register.

No. 113. To Chemical National Bank, New York.

Draft of Second National Bank, Syracuse, N.Y., on Exchange National Bank, New York, for $1624.31, dated Dec. 15, indorsed by Martin Bros.; draft of Union Trust Company, Auburn, N.Y., on Exchange National Bank, New York, for $1500, dated Dec. 14, indorsed by Martin Bros.; draft of Fidelity Trust Company, Oswego, N.Y., on Exchange National Bank, New York, for $150, dated Dec. 12, indorsed by Black, Adler & Co.; draft of Union National Bank, Utica, N.Y., on Chemical National Bank, New York, for $210, dated Dec. 12, indorsed by Black, Adler & Co.; draft of Bank of Monroe, City, on Chemical National Bank, New York, for $1550.60, dated Dec. 18; draft of Bank of Monroe, City, on Exchange National Bank, New York, for $2425.37, dated Dec. 18; draft of Traders National Bank, City, on Ninth National Bank, New York, for $1000.50, dated Dec. 18.

No. 114. To Wayne County National Bank, Lyons, N.Y.

Sight draft of T. J. Stewart & Co. on Osgood, Tower & Co., Lyons, N.Y., for $122.43, dated Dec. 17, indorsed by Martin Bros.; check of Arnold, Ames & Co. on Wayne County National Bank, Lyons, N.Y., for $126.52, dated Dec. 14, indorsed by Daniel W. Arnold; check of L. T. Meachum on Wayne County National Bank, Lyons, N.Y., for $150, dated Dec. 14, indorsed by Samuel P. Gould; check of W. B. Shearer on Wayne County National Bank for $1320.40, dated Dec. 15, indorsed by Ballantine Bros. & Co.

No. 115. To Traders National Bank, Buffalo, N.Y.

Certificate of deposit in favor of B. E. Valentine from Union Trust Company, Buffalo, N.Y., for $1260, dated Dec. 1, indorsed by Black, Adler & Co.; sight draft of Fidelity Manufacturing Co. on L. P. Ross & Co., Buffalo, N.Y., for $1264.50, dated Dec. 18, indorsed by Fidelity Manufacturing Co.; check of S. S. Slover & Co. on Traders National Bank, Buffalo, N.Y., for $120, dated Dec. 15, indorsed by Ballantine Bros. & Co.

No. 116. To Commercial National Bank, Troy, N.Y.

Check of L. L. Bender on Commercial National Bank, Troy, N.Y., for $421.62, dated Dec. 15, indorsed by Chas. M. Deville; check of F. F. Findlay on Commercial National Bank, Troy, N.Y., for $750, dated Dec. 15, indorsed by E. E. Frey.

No. 117. To Farmers National Bank, Philadelphia.

Check of R. D. McLean on Farmers National Bank, Philadelphia, for $200, dated Dec. 10, indorsed by C. W. Washburn ; check of Stewart McVean on Farmers National Bank, Philadelphia, for $150, dated Dec. 10, indorsed by C. W. Washburn; check of Masten & Wolven on Farmers National Bank, Philadelphia, for $126.50, dated Dec. 7, indorsed by R. S. Traver ; draft of Bradford National Bank, Bradford, Pa., on Quaker City National Bank, Philadelphia, for $420.62, dated Dec. 10, indorsed by C. B. Moore.

Foot your draft book and enter the footings in the remittance register and cash book as explained in the work of Dec. 17.

Turn to the collection tickler and charge the proceeds of Nos. 530, 563, 562, 586, and 568 to the banks to which they were sent.

Credit Farmers National Bank, Philadelphia, in the remittance register for the proceeds of collections Nos. 613 and 614. Also credit Wayne County National Bank, Lyons, for the proceeds of collection No. 619, and Traders National Bank, Philadelphia, for the proceeds of No. 622.

Turn to the discount tickler, and charge Wayne County National Bank, Lyons, in the remittance register for discount No. 375. Also charge Commercial National Bank, Troy, for discounts Nos. 396 and 378.

Rule and foot the remittance register.

INDIVIDUAL BOOKKEEPER'S WORK

Tuesday, December 18

The following checks on our bank were received by the receiving teller and mail clerk and passed on to the individual bookkeeper to be recorded in the individual ledger. Enter each item in the Checks in Detail column of the individual ledger.

No. 118. From the receiving teller.

Fidelity Manufacturing Co., $2016; Fidelity Manufacturing Co., $1050; Martin Bros., $240.10; Chas. M. Deville, $1200; A. B. Curtis & Co., $12,000; C. W. Washburn, $6221; C. W. Beach & Bros., $1260; Buffalo, Rochester & Pittsburg R. R. Co., $1352.18; certificate of deposit, $4625.

No. 119. From the mail clerk.

Certified check, $1200; Fidelity Manufacturing Co., $562.12; Geo. W. Miner & Co., $506.20.

Fill out the When Paid and the Amount Paid columns of the certified check book for the $1200 check.

The paying teller paid checks on our bank as shown by the paying teller's sheet *From Paying Teller to Individual Bookkeeper, Dec. 18.* Enter each item in the Checks in Detail column of the individual ledger.

Foot your certified check book. Debit the drawers for the separate checks, in the Checks in Detail column, and credit *Certified Checks* in the Deposits column for the total.

Turn to the discount tickler, Dec. 18. In the Checks in Detail column of the individual ledger charge Ballantine Bros. & Co. for No. 394, and Keeler, Boynton & Co. for No. 380.

Turn to the collection tickler, Dec. 18, and charge Martin Bros. for No. 536, and Lord & Taylor for No. 580.

Extend the amounts in the Checks in Detail column to the Total Checks column. Be sure that your additions are correct.

The cashier's check issued during the day as shown on the stub of the cashier's check book should be posted to the credit of Cashier's Account in the Deposits column of the individual ledger.

Deposits were received by the receiving teller as shown by the sheet *From Receiving Teller to Individual Bookkeeper, Dec. 18.* Enter each item in the Deposits column of the individual ledger.

From the discount register credit depositors for the amounts in the Proceeds Credited column.

The following credits should be made from the collection tickler: Dec. 13, Martin Bros. for the proceeds of No. 530; Dec. 14, Walter H. Wood and C. W. Washburn for the proceeds of Nos. 562 and 563, respectively; Dec. 15, Geo. W. Miner & Co. and A. B. Curtis & Co. for the proceeds of Nos. 586 and 568, respectively; Dec. 18, Black, Adler & Co. for No. 536 and No. 580; C. W. Washburn for No. 570; B., R. & P. R. R. Co. for No. 600.

Extend the balances in the individual ledger, foot the columns, and prove the work.

GENERAL BOOKKEEPER'S WORK

Tuesday, December 18

No. 120. Following the instructions for Dec. 17 make the entries in the general cash book, as follows:

(*a*) Post the footings of the discount register to the general cash book.

(*b*) Rule and foot the discount tickler. Carry the footing to the general cash book.

(*c*) Debit Protested Paper from the discount tickler for discount No. 376.

(*d*) Post the footing of the Total Checks and Deposits columns of the individual ledger to the general cash book.

(*e*) Post the totals of the remittance register to the general cash book.

(*f*) Prove the cash. The difference between the sides of the cash book should equal the amount in the hands of the paying teller, plus the total of city checks, etc., in the hands of the note teller.

The paying teller had on hand, Dec. 17, $351,561.61. Dec. 18 he paid out $2095.32, received from the sale of New York drafts $1567.75, from the receiving teller $16,154, and from the note teller $3405.12, making a balance of $370,593.16 on hand at the close of Dec. 18. The note teller has cash items on hand amounting to $2625.98. The balance of the general cash book should therefore be $373,219.14.

(*g*) If everything proves, rule, foot, and post the cash book as explained Dec. 17.

(*h*) Post the items of the remittance register to the general balance ledger.

(*i*) Extend the balances in the general balance ledger. Remember that the red ink balances should at all times equal the sum of the black ink balances.

If your work proves, make a statement of your general balance ledger similar to the following form:

GENERAL STATEMENT OF FIRST NATIONAL BANK, DEC. 18, 19—

Resources.					*Liabilities.*				
Bills Receivable as under:					12. Capital Stock			100000	
1. Bills Discounted	120000				13. Surplus Fund			11750	63
2. Protested Paper	3767	10	123767	10	14. Undivided Profits			2518	42
Stocks and Bonds:					15. Circulation			45000	
3. U. S. Bonds to Secure Circulation	50000				16. Banks we owe			200	
4. Premium on U. S. Bonds	1500				Due depositors:				
5. Other Stocks and Bonds	6500		58000		17. Cashier's Checks	900			
Properties:					18. Certificates of Deposit	500			
6. Furniture & Fix.			2500		19. Certified Checks	1500			
Current Expenses:					20. Notary Fees	27	13		
7. Sundry Expenses:			1683	19	21. Individual Deposits	132000		134927	13
Banks owing us:					22. Interest and Discount			3483	71
8. National	62026	01			23. Collection and Exchange			1219	18
9. Redemption Fund	2250								
10. Due from Reserve Agents	16523	85	80799	86					
11. Cash on hand as under:									
Bills	30000								
Fractional Items	148	92							
Cash Papers	2200		32348	92					
			299099	07				299099	07

HOW TO COMPILE A DAILY STATEMENT

1. Balance of Bills Discounted from the general balance ledger.
2. Balance of Protested Paper from the g. b. l.
3. Balance of U. S. Bonds to Secure Circulation from the g. b. l.
4. Premium on U. S. Bonds from the g. b. l.
5. Balance of Stocks and Bonds from the g. b. l.
6. Balance of Furniture and Fixtures from the g. b. l.
7. Balance of Sundry Expenses from the g. b. l.
8. Amount owing us by national banks other than those which are approved reserve agents, as shown by the g. b. l.
9. Amount deposited with the United States Treasurer for the redemption of circulation, as shown by the g. b. l.
10. Amount we have deposited with national banks which are approved reserve agents, as shown by the g. b. l. (National Park Bank, New York.)
11. Cash on hand, as shown by the g. b. l.
12. Capital Stock paid in, as shown by the g. b. l.
13. Amount of Surplus Fund, as shown by the g. b. l.
14. Amount of Undivided Profits, as shown by the g. b. l.
15. Amount of Circulation, as shown by the g. b. l.
16. Banks we owe, as shown by the g. b. l.

17. Balance of Cashier's Checks, as shown by the individual ledger.
18. Balance of Certificates of Deposit issued, as shown by the i. l.
19. Balance of Certified Checks, as shown by the i. l.
20. Amount of Notary Fees, as shown by the i. l.
21. Amount due depositors, as shown by the i. l.
22. Balance of Interest and Discount, as shown by the g. b. l.
23. Balance of Collection and Exchange, as shown by the g. b. l.

Every banking association is obliged to make to the Comptroller of the Currency not less than five reports during each year, according to the form which may be prescribed by him, verified by the oath and affirmation of the president or the cashier of each association, and attested by the signature of at least three of the directors. These reports must exhibit, in detail and under appropriate heads, the resources and liabilities of the association at the close of business of any day specified by the Comptroller. Reports must be transmitted to the Comptroller within five days after his requisition therefor, and they must be published in a local newspaper in substantially the same form in which they are made to the Comptroller.

Present your statement to your teacher for examination and approval. If your work is approved, copy the statement in the blank books, and make a statement of losses and gains similar to the form given below. Your furniture and fixtures are inventoried at $4250. Your net gain should be $2121.45.

STATEMENT OF LOSSES AND GAINS, DEC. 18, 19—

	Expense	excess of debits	1683	19		
	Furniture and Fixtures	" " "	100			
	Collection and Exchange	excess of credits			1219	18
	Interest and Discount	" " "			3483	71
	Net Gain	*carried down*	*2919*	*70*		
			4702	89	4702	89
	Net Gain	brought down			2919	70
	Surplus Fund	*10% of net gain*	*291*	*97*		
	Dividends	*2% of capital stock*	*2000*			
	Undivided Profits	*balance of net gain*	*627*	*73*		
			2919	70	2919	70

In joint stock companies and corporations, where the profits are paid in dividends, the net gain is not carried into Capital Stock account, but is transferred to the Dividend, Surplus, and Undivided Profits accounts.

The national banking act provides that the directors of any national banking association may semiannually declare a dividend of so much of the net profits of the association as they may judge expedient; but before any dividends are declared one tenth of the net profits of the preceding half year must be carried to Surplus Fund account, until the same shall amount to 20% of the capital stock of the association.

In addition to the reports mentioned above, all national banking associations must report to the Comptroller of the Currency, within ten days after declaring any dividend.

the amount of such dividend, and the amount of the net earnings in excess of the same. These reports must be attested by the oath of the president or the cashier of the association.

You may divide the net profits ($2121.45) as follows:

(*a*) Surplus Fund, 10 % of the net profits.

(*b*) Dividends, 1½ % of the capital stock.

(*c*) Undivided Profits, the balance of the net profits.

Next close the accounts in the general balance ledger showing losses and gains. This is done by making the following entries in the general cash book.

(*a*) Debit *Collection and Exchange* for $1200.33, and *Interest and Discount* for $5182.96.

(*b*) Credit *Furniture and Fixtures* for $45 (the excess of the debit balance of the account over the inventory for furniture and fixtures), *Expense* for $4216.84, *Loss and Gain* for $2121.45 (the net profits).

Post the above entries to your balance ledger, under date of Dec. 19th.

Next close the Loss and Gain account into Dividends, Surplus Fund, etc. To close this account, the following entries must be made in the general cash book.

(*a*) Debit *Loss and Gain* for $2121.45.

(*b*) Credit *Dividends* for $1500, *Surplus Fund* for $212.15, *Undivided Profits* for $409.30.

As fast as the dividends are paid to the stockholders, *Dividends* will be debited and *Cash* credited. When all dividends have been paid, the Dividend account should balance.

Post the above entries to the general balance ledger, and balance, under date of Dec. 19, and rule the general cash book again.

Next make another statement of resources and liabilities. The following form should be used as a guide.

STATEMENT OF RESOURCES AND LIABILITIES, DEC. 18, 19—

	Cash	on hand		32348	92		
	Bills Discounted	notes discounted and unpaid		120000			
	Protested Paper	notes protested		3767	10		
	United States Bonds	to secure circulation		50000			
	Stocks and Bonds	on hand		6500			
	Premium on U. S. Bonds	amount above par value		1500			
	Furniture and Fixtures	per inventory		2400			
	Due from Other Banks	total debit balances		78549	86		
	Redemption Fund	5 % of circulation		2250			
	Capital Stock	amount invested				100000	
	Circulation	bank notes in circulation				45000	
	Deposits	total due depositors				134927	13
	Due Other Banks	total credit balances				200	
	Surplus Fund	credit balance, Dec. 15,	11750[42]				
		10 % of net gain, Dec. 18	291[27]			12042	60
	Dividends	2 % of capital stock				2000	
	Undivided Profits	credit balance, Dec. 15,	2518[42]				
		balance of net gain Dec. 18,	627[73]			3146	15
				297315	88	297315	88

Present all your work to your teacher for examination and approval.

PART IV. SUBSIDIARY SUBJECTS

A CLEARING HOUSE

A Clearing House is a place where associated banks meet daily to effect exchanges and settle balances resulting from such exchanges.

The aggregate amount of exchanges represents the clearing for the day.

At the present time all large cities have clearing houses, and nearly all the banks in these cities are members. Each clearing house elects its own *officers* and appoints its own *committees*.

The **officers** are usually a president, a vice president, a secretary, a treasurer, and a manager.

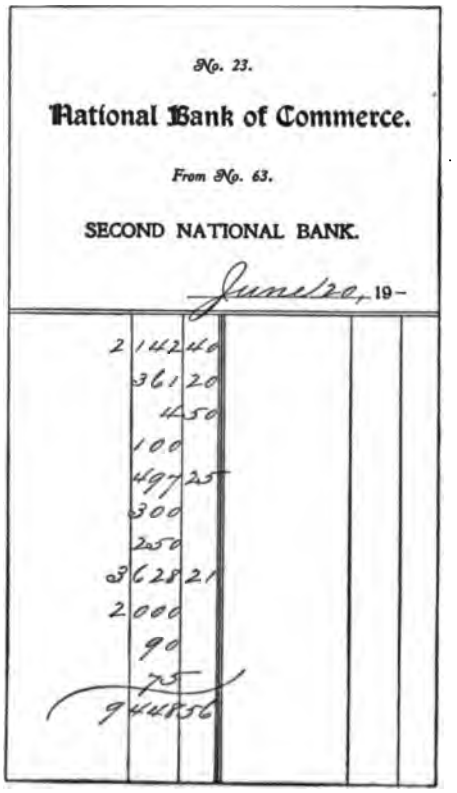
The **committees** comprise a committee of management, a committee on conferences, a nomination committee, a committee on admission, and an arbitration committee.

The **manager** has full charge of the settling clerks and the messengers from the different banks while they are at the clearing house. He directs the clerical force of the clearing house and dictates the manner of conducting the daily business transactions.

Preparation of Exchanges. Banks usually have a case containing compartments, or pigeon holes, for each bank which is a member of the clearing house. This case is technically known as the "rack." All paper for the clearing is first indorsed with a rubber stamp, and then placed in the pigeon hole for the bank on which it is drawn. At the close of the day the items are taken out of the compartments and the amounts of them listed on an envelope, across the end of which is printed (1) the number and name of the bank at which they are payable, and (2) the number and name of the bank sending them to the clearing house. A duplicate list is afterward made by an assistant and preserved by the bank for reference. The items are then placed within the proper envelopes. On the following morning, the items received in the early mail, called "morning additions," are assorted and listed, and then put within the proper envelopes.

The accompanying illustration shows eleven pieces of paper, aggregating $9448.56, which is the amount of the exchanges carried by No. 63, the Second National Bank, to the clearing house against No. 23, the National Bank of Commerce.

FORM OF CLEARING-HOUSE ENVELOPE



The Delivery Clerk's Statement shows the amount of exchanges we have for the different banks. It is prepared as soon as the clearings are listed on the envelopes, the

FORM OF DELIVERY CLERK'S STATEMENT

No. 12.

NEW YORK CLEARING HOUSE

from

CHEMICAL NATIONAL BANK

Delivery Clerk's Statement, June 20 19—

No.	BANKS.	DR. AMOUNTS.	SIGNATURE.
1	Bank of N Y Nat'l Bkg. Ass'n.	17954271	
2	Bank of the Manhattan Co..	8654122	
3	Merchants' National Bank.	5642312	
4	Mechanics' National Bank.	62580	
6	Bank of America.	3234451	
7	Phenix National Bank.	16182534	
8	National City Bank.	62513720	
10	Tradesmen's National Bank.	9736439	
12	Chemical National Bank.		
13	Merchants' Exch. Nat. Bank.	636685	
14	Gallatin National Bank.	5930	
15	Nat'l Butchers' & Drovers' Bank.	6242648	
16	Mechanics' & Traders' Bank.	1205629	
17	Greenwich Bank.	1490	
18	Leather Manuf'rs National Bank.	32762	
19	Seventh National Bank.	15620	
20	Bank of State of N. Y..	23512680	
21	American Exch. National Bank.	6238014	
23	National Bank of Commerce.	5139218	
		228012265	

FORM OF CLEARING-HOUSE TICKET

No. 6.

BANK OF AMERICA.

From No. 12.

CHEMICAL NATIONAL BANK.

$3234.51

items being copied directly from the envelopes on to this statement. Tickets are also made out which show the amounts of the items for the different banks. These tickets are taken by the delivery clerk to the clearing house, and left at the desks of the settling clerks, so that in case of disagreement the items may be readily checked off.

As the delivery clerk delivers his packages to the various settling clerks, he takes their receipts therefor on his statement. This is accomplished by having the settling clerks write their names in the column entitled "Signature."

The Settling Clerk's Statement shows the amount of exchanges taken to the clearing, the amount received from the clearing, and the balance due us or due by us to the clearing house, as the case may be. The items in the Debit column are entered therein before going to the clearing house, but the credits cannot be entered until the delivery clerks give us such exchanges as they have for our bank. As these packages are delivered, the settling clerk receipts for them, and enters the footing of each to the credit of the bank sending it to the clearing. If the footing of the Credit column is in excess of that of the Debit column, it is evident we have received more from the clearing than we took to the clearing, and the difference indicates the balance we owe the clearing house. But if the footing of the Debit column is greater than that of the Credit, we took more to the clearing than we have received therefrom, and the balance is in our favor. (See form of settling clerk's statement, page 78.)

Credit Ticket. Before going to the clearing house, the settling clerk makes out a credit ticket, showing the total of exchanges for the clearing. When he enters the clearing house this ticket is placed on the manager's desk, and a clerk immediately enters the amount to the credit of the bank bringing the ticket.

FORM OF CREDIT TICKET

NEW YORK CLEARING HOUSE.

No. 12. New York Clearing House, June 26, 19—

CREDIT

CHEMICAL NATIONAL BANK, $ 2 | 280 | 122 | 65

Amount of Checks to Clearing House this day per Messenger.

R. C. Conrad.
Settling Clerk.

NEW YORK CLEARING HOUSE

No. 12. ***CHEMICAL NATIONAL BANK***

Settling Clerk's Statement, June 20, 19—

No.	BANKS.	DEBIT.	CREDIT.	No.
1	Bank of N.Y. Nat'l Bkg. Ass'n,	1795427 1	1954261 2	1
2	Bank of the Manhattan Co.,	8654122	1342718 4	2
3	Merchants' National Bank,	5642312	4003925 0	3
4	Mechanics' National Bank,	62580	2894261	4
6	Bank of America,	3234551	9282735	6
7	Phenix National Bank,	16182534	24268920	7
8	National City Bank,	6251372 0	2681342 7	8
10	Tradesmen's National Bank,	9736439	1252614 0	10
12	Chemical National Bank,			12
13	Merchants' Exch. Nat. Bank,	636685	52690	13
14	Gallatin National Bank,	5930	1268426	14
15	Nat'l Butchers' & Drovers' Bank,	6242648	1302654 3	15
16	Mechanics' & Traders' Bank,	1205602 9	2311421 7	16
17	Greenwich Bank,	1490	2685	17
18	Leather Manuf'rs National Bank,	32762	1276240	18
19	Seventh National Bank,	15620	892768	19
20	Bank of State of N. Y.,	23512680	26234234	20
21	American Exch. National Bank,	6238014	3612815	21
23	National Bank of Commerce,	5139218	2734265	23
	Footings,	22801226 5	22649153 7	
	Balance		1520728	
			22801226 5	

Balance Ticket. As soon as the clearing is completed, and the settling clerk foots his statement, he makes out a balance ticket which shows the amount brought to the clearing, the amount received from the clearing, and the balance due the clearing house, or due the bank, as the case may be. This ticket is delivered to the manager of the clearing house, and a clerk immediately enters it on the clearing-house proof.

FORM OF BALANCE TICKET

BALANCE TICKET.

No. 12. New York Clearing House, June 20, 19

Amount Received, $	2	264	915	37	
Amount Brought, $	2	250	122	65	
Debit, $					Balance Due Clearing House.
Credit Balance Due CHEMICAL NATIONAL BANK, $			13	207	28

E. E. Conway, Settling Clerk.

Routine of Business at the Clearing House. Each bank sends to the clearing house a delivery clerk and a settling clerk. As the settling clerk enters the clearing house, he leaves at the desk of the manager a credit ticket (see form, page 77), showing the aggregate of the exchanges brought to the clearing house. This ticket is entered by the manager on the clearing-house proof under the title "Banks Cr."

The desks at the clearing house are usually arranged in longitudinal rows, one desk for a bank. The settling clerk takes a seat at the desk, while the delivery clerk stands directly in front of it, with his packages for other banks. At the hour of the clearing, which is usually 10 o'clock, a gong is rung, and each delivery clerk advances one desk at a time and delivers to each settling clerk the items and the clearing house ticket for each settling clerk's bank, taking a receipt therefor on the delivery clerk's statement (see form, page 76). The settling clerk enters the amount on his own statement (see form, page 78). After the circuit of the desks is completed the delivery clerk gathers up the packages which have been left on the settling clerk's desk for his bank, and with these packages and his delivery clerk's statement he returns to his bank. He also takes with him a memorandum of the approximate balance in favor of or against his bank. The settling clerk foots his statement, ascertains the balance due to or by his bank, and makes out a balance ticket (see form above), which is sent to the manager's desk. The amounts received, as shown by the balance tickets, are entered on the clearing-house proof (see form, page 80) in the "Banks Dr." column. The credit balances due banks are entered in the column entitled "Due Banks." The debit balances due the clearing house are entered in the column entitled "Due Clearing House." The clearing-house proof is now footed. The "Banks Dr." and the "Banks Cr." columns

NEW YORK CLEARING HOUSE PROOF, June 24 19—

No.	BANKS.	DUE CLEARING HOUSE.	BANKS. Dr.	BANKS. Cr.	DUE BANKS.	No.
1	Bank of N.Y Nat'l Bkg. Ass'n.	33629138	1264127 80	92783642		1
2	Bank of the Manhattan Co.	16479927	98536241	82056314		2
3	Merchants' National Bank.		68127	13242562	64298 62	3
4	Mechanics' National Bank.	35888269	2327145 18	1968262 49		4
6	Bank of America.		982675	14739 24	4912 49	6
7	Phenix National Bank.	3835575	12568230	8732655		7
8	National City Bank.		2299427778	2542629 40	2432016 2	8
10	Tradesmen's National Bank.	12071653	26054090	13982437		10
12	Chemical National Bank.		2264915 37	2280122 65	1520728	12
13	Merchants' Exch. Nat. Bank.		8362940	12958237	4595297	13
14	Gallatin National Bank.	68564735	4268342 75	3582695 40		14
15	Nat'l Butchers' & Drovers' Bank.		82964235	16298641 3	8002217 8	15
16	Mechanics' & Traders' Bank.	1094411 10	35948272 0	2500416 10		16
17	Greenwich Bank.		79600	4372641 2	3576641 2	17
18	Leather Manuf'rs National Bank.	24296966	86521746	62224780		18
19	Seventh National Bank.	71661625	7543762 50	6827146 25		19
20	Bank of State of N Y.	76587915	1016823925	940236010		20
21	American Exch National Bank	30916672	16294321 2	1320265 40		21
23	National Bank of Commerce.		4836290	12643728	7807438	23
25	National Broadway Bank.	50747011	92785260	42038249		25
27	Mercantile National Bank.		2625827 35	3102684 70	4768573 5	27
28	Pacific Bank.		9685221 4	1206529 45	2380073 1	28
29	National Bank of the Republic.	53008520	2519827 36	1989742 16		29
30	Chatham National Bank.		46532741	30021213 0	2536793 89	30
31	People's Bank.		2261410 3	4682671 5	2421261 2	31
32	National Bank of North America.	1406316 23	4622845 29	3216529 06		32
33	Hanover National Bank.		9705298 4	1623582 17	6530523 3	33
34	Irving National Bank.		283145	3758240 9	9267909	34
36	National Citizens' Bank.	10508355	5302716 7	4251881 2		36
40	Nassau Bank.	32699432	13164221 0	9894277 8		40
42	Market & Fulton National Bank.	10761250	4201125 0	312500		42
44	National Shoe & Leather Bank.	14251007 4	2641521 9	1216420 45		44
45	Corn Exchange Bank.		375800	6294214 9	2536214 9	45
47	Continental National Bank.		5943826 5	7652120 3	1708293 8	47
49	Oriental Bank.		965417 3	1278024 4	312607 1	49
53	Importers & Traders National Bank.		4826219	2125402 2	1642780 3	53
54	National Park Bank.		1629342 75	2126598 27	4972555 2	54
59	East River National Bank.	3189953 8	946125 18	627129 80		59
61	Fourth National Bank.		2317265 10	4545099 40	2227834 30	61
62	Central National Bank.		1353422 12	1720657 22	3672651 0	62
		95613938 8	6459569862	6459569862	95613938 5	

should balance, and the columns entitled "Due Clearing House" and "Due Banks" should balance. Should there be an error in the proof, an announcement is made by the manager, and the settling clerks revise their work. Forty-five minutes from the time of commencing is allowed for a proof. All banks not having a correct statement at 10.45 A.M. are subject to a fine. For all errors remaining undiscovered at 11.15 A.M. the fines are doubled, and for those undiscovered at 12 M. quadrupled. The object is to offer an incentive to banks to have at the clearing house clerks who are rapid and accurate in figures.

INTERIOR VIEW OF A CLEARING HOUSE

Payment of Balances. If a bank has received more checks, etc., from the clearing house than it has brought to the clearing house, it is evident that there is a balance due the clearing house. When this balance is paid, a receipt is given, similar to the one at the top of page 82.

In New York all balances must be paid by the debtor banks to the clearing house between 12.30 and 1.30 P.M. Payment must be made in actual coin, United States legal tender notes, or clearing-house certificates. Should any bank not make payment as provided, the amount of its balance must be immediately furnished the clearing house by the several banks exchanging with the defaulting bank, in proportion to the

amount of their respective balances against that bank. The defaulting bank is at once suspended from the clearing house. At 1.30 P.M., or as soon thereafter as the accounts can be proved, the creditor banks may receive from the clearing house the balances due them.

FORM OF DEBIT BALANCE RECEIPT

NEW YORK CLEARING HOUSE.

No. 26. New York Clearing House, June 20, 19—

Received from the FIRST NATIONAL BANK, _____

Twenty Thousand Four Hundred Sixteen —

Dollars in full for balance due the Associated Banks.

$ 20416.—

G. A. Arnold,
Ass't Manager.

If a bank brought more to the clearing house than it received from the clearing house, the balance would be due the bank, and payment would have to be made by the clearing house, in which case the receipt given would be similar to the following.

FORM OF CREDIT BALANCE RECEIPT

CASHIER'S RECEIPT.

New York, June 20, 19—

Received of the New York Clearing House, $ 15207.28

Fifteen Thousand Two Hundred Seven 28/100 Dollars,

In full for balance due from Associated Banks this day.

CHEMICAL NATIONAL BANK.

No. 12.

W. J. Quinlan,
CASHIER.

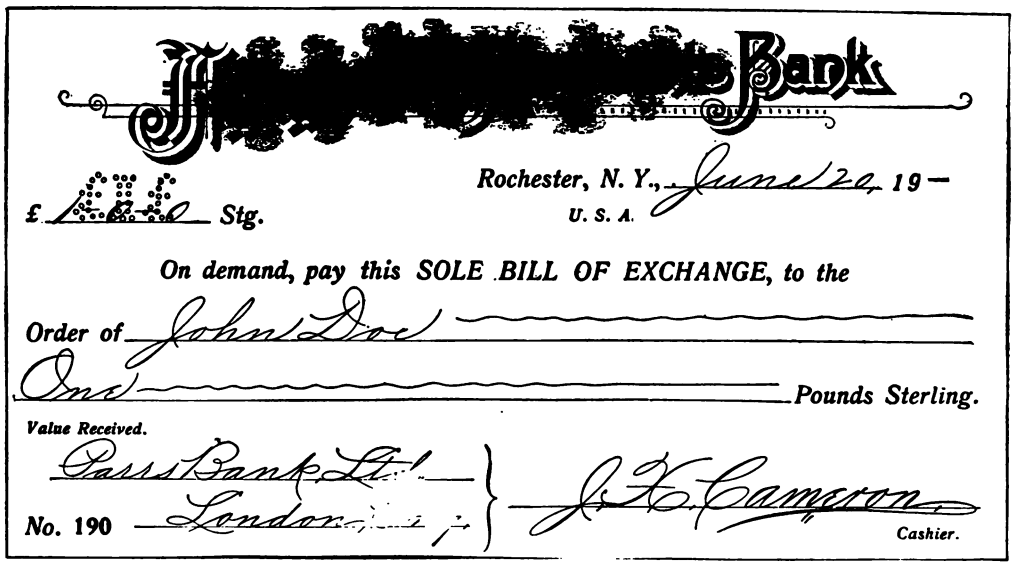
In the smaller cities, balances are usually settled by issuing drafts on New York, Boston, Chicago, or other financial centers. In St. Louis, Cincinnati, and several Western cities, the practice is to settle at once with the credit banks by drawing managers' checks on the debit banks.

Weekly Statement. Some clearing houses require their members to furnish a weekly statement showing the average amount of their loans and discounts, specie, legal tender notes, circulation, and deposits.

FOREIGN EXCHANGE

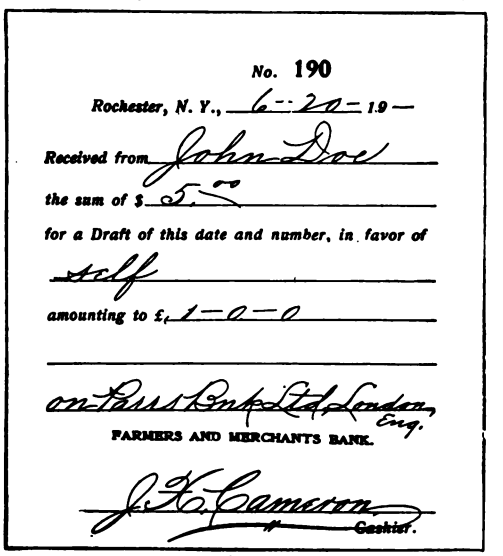
Many of the larger banks make a practice of selling bills of exchange, or drafts, on the principal financial centers of England, France, Germany, and other countries. These drafts are generally used for making remittances, though travelers sometimes purchase them instead of letters of credit. The method of handling them does not differ from that employed for domestic drafts. The bank which draws the draft must keep a deposit with the bank on which it draws. As the drafts are paid they are charged the drawer the same as checks.

FORM OF FOREIGN BILL OF EXCHANGE



A record of a foreign bill of exchange is made on the stub, thus:

STUB OF FOREIGN BILL OF EXCHANGE


No. 190
Rochester, N. Y., 6-20-19—
Received from John Doe
the sum of $ 5.00
for a Draft of this date and number, in favor of
self
amounting to £ 1-0-0
on Pass Bnk Ltd London, Eng.
FARMERS AND MERCHANTS BANK.
J. K. Cameron
Cashier.

Letters of Advice. It is customary for the bank which draws either foreign or domestic drafts to send a letter of advice to the drawee bank. This letter should state the date, number, and amount of the draft, and in whose favor it is drawn.

Foreign bills of exchange may be divided into three classes: (1) Bankers' bills, which are drawn by bankers on bankers. (2) Commercial bills (sight and time drafts), which are drawn by merchants on their customers. (3) Documentary bills, which are drawn by merchants on shippers and are accompanied by bills of lading.

The form of a documentary bill is the

same as that of an ordinary sight or time draft. Its name is derived from the fact that it is attached to a bill of lading which the consignee must present to the steamship company before the goods will be delivered to him. As possession of the bill of lading can be obtained only by honoring the draft, payment is thus made for the consignor's goods before they actually go out of his possession. It is practically the same as making C. O. D. shipments in the express business.

Posted or Nominal Rates. In every large city there are a number of firms and persons that make it their business to buy and sell foreign bills of exchange. The rates that they daily post upon their bulletins for the use of the general public are known as the posted, or nominal, rates of exchange, as distinguished from the actual, or real, rates — the inside terms made to brokers.

Buying and Selling Exchange. If I owe a person in London £10,000, I can ship him $48,665.00 (the par value of a pound sterling being $4.8665) in United States gold, or I can purchase a foreign bill of exchange for £10,000, and remit it to him. The cost of shipping the gold would be $\frac{1}{8}\%$ for freight, $\frac{1}{8}\%$ for insurance, and from nothing to $\frac{1}{2}\%$ for abrasion.

If I cannot buy a bill of exchange without paying more than $4.89 for it, the cheaper way would be to ship the gold.

If a person in London owes me £10,000, and I must bear the cost of collecting, I can draw a draft on him, or have the gold shipped to me to be sold here at its market value. If I cannot sell the draft for more than $4.84, the cheaper way would be to have the gold shipped to me.

If our sales of wheat, cotton, provisions, etc., to England are greater than our purchases of silks, woolens, and fancy goods from English manufacturers, it is evident that England will owe us more than we owe her, and the balance of trade will be in our favor. In such a case there would be more persons in New York, Boston, and other financial centers offering drafts for sale (which they had drawn on persons to whom they had sold goods) than there would be persons desiring to buy drafts to settle accounts owed to English firms, and exchange would be low; that is, below the par value ($4.8665). When exchange decreased in price to a certain point, the gold would flow into this country, as it would be expedient to pay the cost of shipping the gold from England to this country, in payment of a debt due, rather than sell a draft on an English concern for $4.83 or $4.84.

Drawing Drafts through Foreign-exchange Bankers. Certain bankers in New York, San Francisco, and other financial centers make it their principal business to deal in foreign exchange. They often act as agents for banks having no foreign correspondents, permitting such banks to draw their drafts directly on a large list of banks variously located, so as to cover practically every quarter of the civilized world. At the time of drawing the drafts, the bank sends its cashier's check covering the face of the drafts and the commission, together with a letter of advice, to the foreign-exchange banker (in this country), who immediately instructs his correspondents to honor the drafts as drawn. When the drafts are paid, the foreign banker charges them to the foreign-exchange banker in this country, and not to the drawer. Thus the bank drawing the drafts is relieved of the trouble and expense incident to keeping deposits with foreign banks, while it possesses practically all the advantages such deposits would afford.

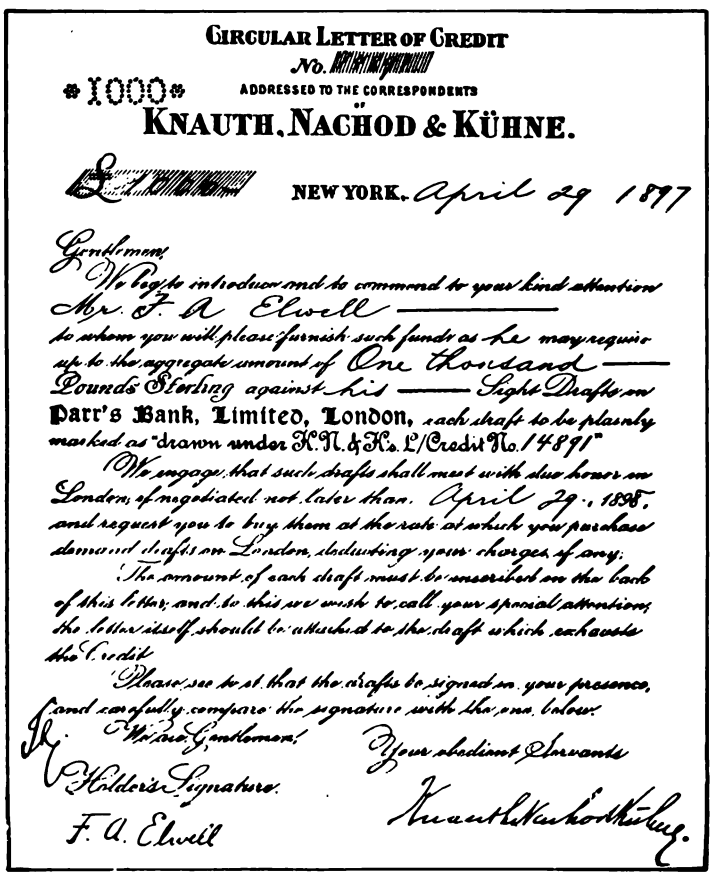
LETTERS OF CREDIT

Letters of Credit are usually issued to travelers, who are thus enabled to obtain the current money of whatever country they may visit, in such amounts as are best suited to their convenience.

By subscribing his name at the bottom, the holder of a letter of credit provides a simple, yet effective, means of identification, and whenever he wishes money he has only to present his letter to any of the banks (usually four or five hundred in number) named in the list furnished him at the time of purchase, and this bank will fill out a draft on the London banker to whom the letter is directed. The traveler signs the draft, and if the signature corresponds to that shown at the bottom of the letter, the amount desired is inscribed on the inside thereof, and payment is immediately made. The letter denotes at all times the amount still available, and is a guide to any banker to whom it may be presented. The bank cashing the draft which exhausts the credit is required to remit it to the London bank.

FORM OF LETTER OF CREDIT

FRONT



CIRCULAR LETTER OF CREDIT

No. [redacted]

1000 ADDRESSED TO THE CORRESPONDENTS OF

KNAUTH, NACHOD & KÜHNE.

[redacted] NEW YORK, April 29 1897

Gentlemen:

We beg to introduce and to commend to your kind attention

Mr. F. A. Elwell

to whom you will please furnish such funds as he may require up to the aggregate amount of One thousand Pounds Sterling against his Sight Drafts on Parr's Bank, Limited, London, each draft to be plainly marked as "drawn under K. N. & K.'s L/Credit No. 14891"

We engage that such drafts shall meet with due honor on London, if negotiated not later than April 29, 1898, and request you to buy them at the rate at which you purchase demand drafts on London, deducting your charges, if any.

The amount of each draft must be inscribed on the back of this letter, and to this we wish to call your special attention; the letter itself should be attached to the draft which exhausts the Credit.

Please see to it that the drafts be signed in your presence, and carefully compare the signature with that one below.

We are, Gentlemen,

Your obedient Servants

Holder's Signature:

F. A. Elwell

Knauth Nachod & Kühne.

Letters of credit are usually drawn in pounds sterling, which, at the present time, is the most generally used and least fluctuating money in the world. The drafts, however, are paid in the current money of the country in which they are negotiated. The letters are drawn against cash deposits, or collateral affording sufficient guarantee of repayment, and at the time of issue a letter of advice containing a full description of the credit is forwarded to the drawee bank and to all correspondents to whom it is likely to be presented. Banks usually charge 1% commission for issuing a letter of credit, with a minimum rate of $5.00. In case such a letter is lost, the holder should immediately notify the London banker on whom it is drawn, unless differently instructed.

As will be seen, the identification lies wholly in the comparison of the signatures, though there are some bankers who give a description of the payee in the letter of credit, stating his age, color of eyes, size of nose, mouth, kind of chin, color of hair, complexion, height, etc.

Form of Letter of Credit

REVERSE

(When used, showing payments made.)

BANKERS WILL PLEASE INSCRIBE PAYMENTS IN THEIR ORDER ON THESE PAGES

DATE WHEN PAID	BY WHOM PAID	NAME OF TOWN	AMOUNT PAID EXPRESSED IN WORDS	AMOUNT IN FIGURES
1897 May 3	KNAUTH, NACHOD & KÜHNE,	NEW YORK.	One hundred pds	£ 100 —
" 17	PARR'S BANK, LIMITED,	LONDON.	One hundred fifty pds	150 —
" 25	Union Bank of Scotland,	Edinburgh	Twenty five pounds	25 —
" 31	Provincial Bank of		Fifty pounds	£ 50. —
June 5	Ireland, Ltd.	DUBLIN	Seventy-five pds	£ 75. —
June 10	De Twentsche Bankvereeniging. CREDIT LYONNAIS,	AMSTERDAM PARIS.	One hundred seventy-five Pounds	£ 175. —
June 15	Comptoir National d'Escompte de Paris Nice		Eighty Pounds	£ 80 —
June 30	Banca Commerciale Italiana.	Rome	Seventy Pounds	£ 70. —
July 15 97	BANQUE FÉDÉRALE	Madrid	Twenty-five pds	25 —
July 25 97	Knauth, Nachod & Kühne.	LEIPZIG.	Seventy-five pds	75. —
July 31/97	FILIALE DER DRESDNER BANK,	HAMBURG.	— Eighty Pds —	80 —
Aug 1897	SWAN & BARRETT BANKERS	PORTLAND ME.	Ninety five pounds	95 —
				£ 1000 —

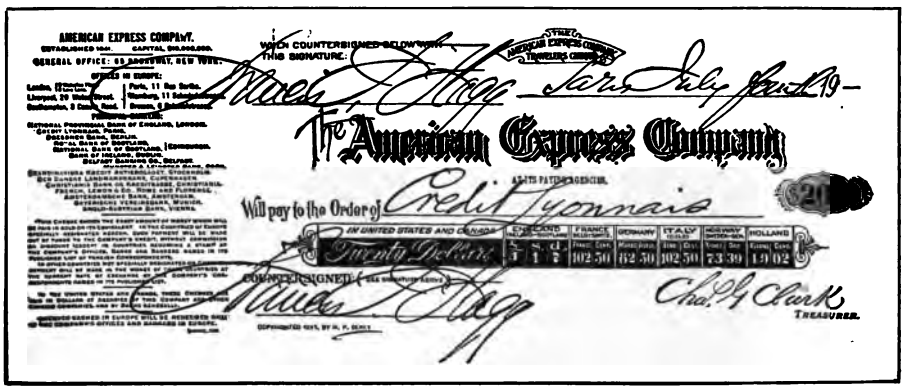
Paid in full

TRAVELERS' CHEQUES

The express companies and several foreign-exchange banks and bankers issue travelers' cheques which are payable to one's own order by a large number of correspondents throughout the world. These cheques are practically the certified cheques of the express companies and banks, as the payment of the cheques for the amount named on the face is absolutely guaranteed. At the time of purchase, the buyer signs his name in the upper left-hand corner. When he wishes funds, he simply presents his cheque to the correspondent of the express company or bank and signs his name in the lower left-hand corner in the presence of the one to make payment. If the two signatures agree, the money is immediately given him without question. The cheque affords absolute protection to the purchaser. Should an unpaid cheque be lost, the purchaser's name forged, and the cheque cashed by the express company or the bank, the company or bank cashing the cheque would sustain the loss.

Travelers' cheques are issued in denominations of $10.00, $20.00, $50.00, $100.00, and $200.00. The charges are very reasonable, being $\frac{1}{2}\%$ for foreign cheques and $\frac{1}{4}\%$ for cheques payable in this country.

FORM OF TRAVELER'S CHEQUE



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